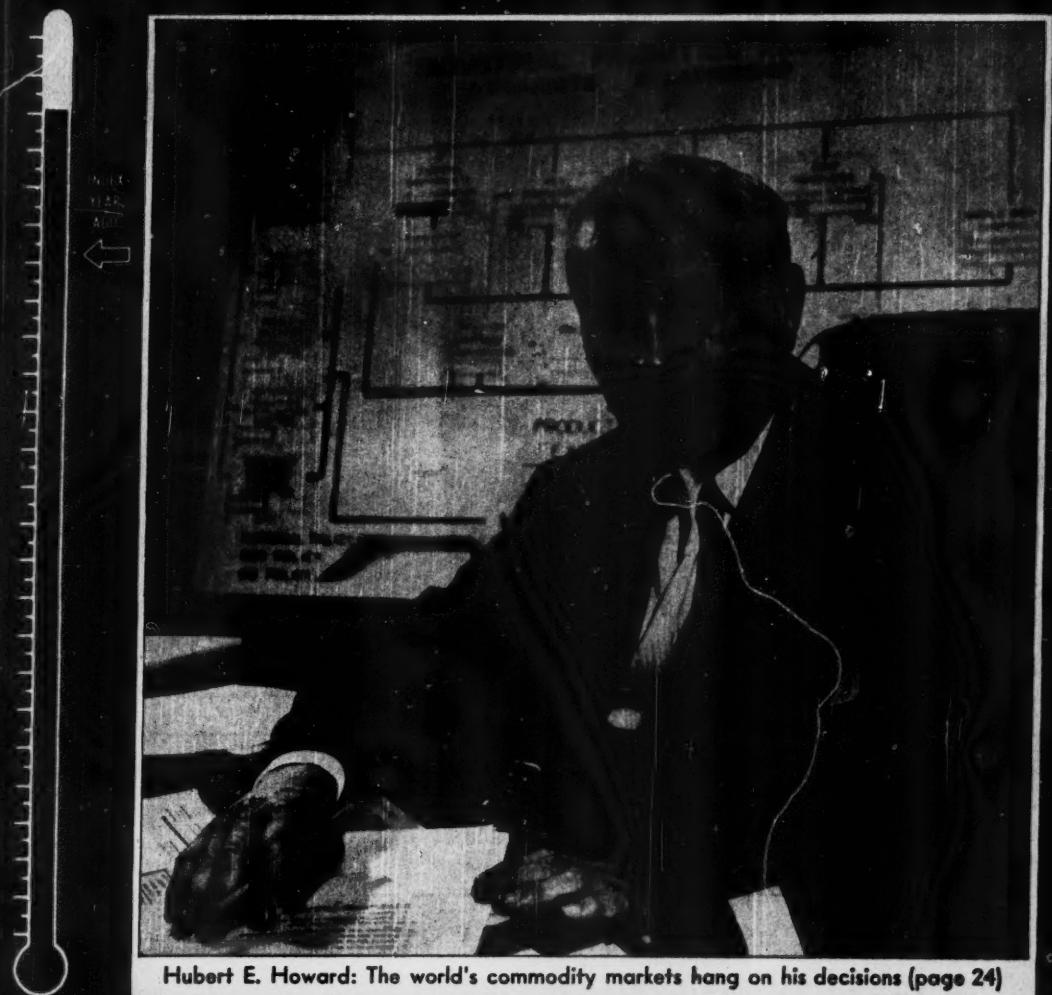


BUSINESS WEEK

War Materials

WHICH WILL BE SHORT?

PAGE 31



Hubert E. Howard: The world's commodity markets hang on his decisions (page 24)

AUG 26 1950

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RESEARCH KEEPS

B.F. Goodrich

FIRST IN RUBBER



Rubber muscles toss 20 tons of steel balls

A typical example of B. F. Goodrich improvement in rubber

INSIDE that big iron drum are 20 tons of 4-inch steel balls. They're grinding up rock, mud and ore in order to separate a fine white powder for paints. As the drum turns, the balls fall and roll over the rock.

But there was constant trouble and expense with the big V belts driving the mill. There was space enough for only six belts; they needed more; they were lasting only five or six weeks. Then the engineers heard of B. F. Goodrich grommet belts.

A grommet is like a giant cable ex-

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with Fibretonce Ceiling Panels. Let our acoustical engineers convince you with an estimate.



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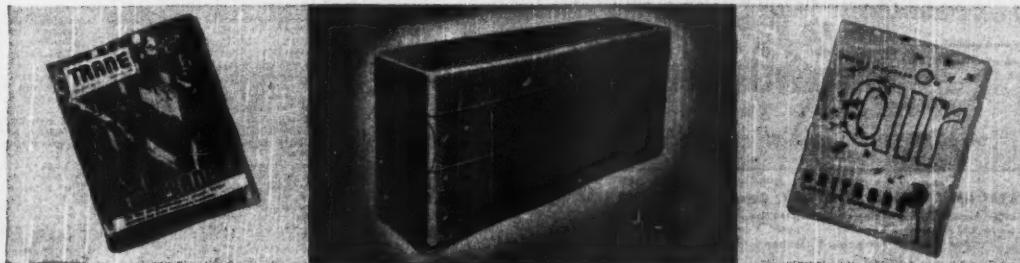
offices, apartments, hospitals or hotels, Type MC UniTrane delivers the proper amount of air, at the temperature each tenant desires.

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This type MC UniTrane Room Unit is beautifully styled for underwindow installation in offices, hotels, hospitals, and other multi-room buildings. Each room has its own temperature, moisture, and ventilation control... Data bulletin DS-420 is for architects and engineers... "Merely a Matter of Air" is an interesting non-technical discussion of multi-room air conditioning.



interesting facts

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BUSINESS WEEK • AUGUST 26 • NUMBER 1095

(with which are combined The *Advertiser* and the *Magazine of Business*) Published weekly by McGraw-Hill Publishing Company, Inc. James H. McGraw (1860-1948), Founder • Publication Office 99-129 North Broadway, Albany, N. Y. • Postage Paid at Albany, N. Y., and at New York, N. Y., and at Canada, 20 W. 45th St., New York 18 • C. W. McRae, President; Willard Chaverier, Executive Vice-President; Joseph A. Gerard, Vice-President and Treasurer; John J. Connelly, Vice-President, Manufacturing; John J. Connelly, Divisional Manager; Ralph E. Smith, Editorial Director; Nelson Bond, Vice-President and Director of Advertising.

Address correspondence regarding subscriptions to J. E. Blackburn, Jr., Vice-President and Director of Circulation, Business Week, 160 N. Broadway, Albany, N. Y. • Postage paid at Albany, N. Y., and at Canada, 20 W. 45th St., New York 18. Allow ten days for change of address.

Subscriptions to *Business Week* are solicited only from management-men in business and industry. Postage and carriage connection must be indicated on subscription orders.

Single copies \$25. Subscription rates — United States and possessions \$6.00 a year; \$12.00 for three years. Canada \$7.00 a year; \$14.00 for three years. Far East \$10.00 a year; \$20.00 for three years. All other countries \$20.00 a year; \$40.00 for three years. Entered as second class matter Dec. 4, 1936, at the Post Office at Albany, N. Y., under Act of Mar. 3, 1879. Printed in U. S. A. Copyright 1950 by McGraw-Hill Publishing Co., Inc.—All Rights Reserved.

BUSINESS WEEK • Aug. 26, 1950

THE CASE OF THE TATTOOED BUSINESSMAN!

(OR JOT OUR NAME DOWN ON YOUR CHEST) by Mr. Friendly



He never forgot the name he loved best . . .
American Mutual spelled on his chest.

He had it tattooed in gold to show
His thanks for the way we'd saved him dough!

He told all his friends, "If service and saving
Are what you are craving and craving and craving,
Those are the things for which they won fame!"
Then he'd rip off his shirt and *show them our name*.

He'd take a deep breath and our name would expand
To show how we'd grown, and he'd shout, "Ain't it grand!
They've cut accidents down and insurance rates, too
For hundreds of businesses . . . how about you?"

If you want real protection and service galore —
Service that helps you save more, more and more!
And you'd like to remember just who gives the best . . .
Tat American Mutual, too, on your chest!

AMERICAN MUTUAL

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The Facts About Fool-Proof Protection!**
Learn how to save on your present policies . . . know what you need for free
copy of "The All-American Plan for Business" or "The All-American Liability Insurance Co., Dept. B-77, 142 Berkeley St., Boston 16, Mass. Branch offices in 77 cities.
Counts classified telephone directory.

Highlights In This Issue

Mobilizing the Mobilizers

- More than personal squabbles are involved in the debate over who is to run mobilization controls. P. 19

Fate of the TV Boom

- It's not as dismal as you'd think. Defense cutbacks look minor; manufacturers are ready to go ahead with color. P. 25

Businessmen's Problems

- Overwhelmingly, they are supply of materials and supply of men. P. 21

Backward With Tucker

- Tucker's dream of big profits and a postwar car winds up shabbily at a machinery auction. P. 22

Enough Sugar?

- Pipelines are still bare, but once housewives get over their panic there may be a surplus. P. 48

Fate of Selling

- Not bad either. Two typical outfits will keep promoting despite scarcities. P. 53

Retail Banking Wins

- Sedate Bankers Trust takes a long jump ahead in the rush for small-money business. P. 65

Dollars Out of Hiding

- The rest of the world is in full flight from the dollar—and export demand is booming. P. 89

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Millions of operating hours in hundreds of different products have been the proving ground for C/R dependability. When you specify C/R shaft-type, or end face oil seals you gain the benefits of more than thirty years experience and research into every type of fluid sealing problem. Today the world's largest manufacturer in its field, Chicago Rawhide has developed more than 14 types and 1800 sizes of shaft type oil seals engineered with either leather or synthetic rubber sealing members as operating conditions require.

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This, we attribute to the fact that Fifi's a woman. And so many women use Monroes, fast, efficient, time-saving

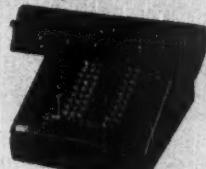
Monroes, they realize that nightwork is rarely, if ever, necessary.

Any "bugs" in your figuring or accounting setup? Wipe 'em out with Monroes. There's a model to meet every need.

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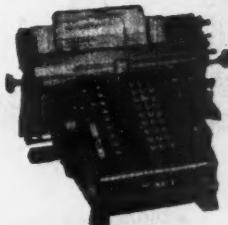
Whatever your figuring job is
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First in heating... first in plumbing

Chill Chaser

• How to keep a home luxuriously warm and comfortable in winter weather is an old problem.

But here's a new, tested answer to it . . . the brand new Winterway Winter Air Conditioner by American-Standard.

Each feature of this oil-fired unit for small to medium sized homes was developed with two prime factors in mind: comfort and economy. The new Winterway offers a happy combination of both.

It provides comfort through automatic, trouble-free heating that makes every part of the room a

"cozy corner." It assures economy by its long life and efficient use of fuel. And its special design permits installation with minimum time and labor.

You will find that this same careful planning, this same insistence on providing top quality at as low a cost as possible, is reflected in every heating unit and every plumbing fixture American-Standard makes. Perhaps that is why more American homes have heating and plumbing by American-Standard than by any other single company.



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BUSINESS OUTLOOK

BUSINESS WEEK
AUGUST 26, 1950



Businessmen today have three main concerns—men, materials, and inflation. That stands out in Business Week's latest checkup on "What worries you?"

Nobody could be surprised by the result (page 21). Yet it's significant.

The price spiral flourishes on shortages. Materials pinches spur bidding and bidding breeds runaway markets. Manpower squeezes lead to higher pay—directly or indirectly—and to labor pirating.

Inflation will feed on three things: (1) steadily rising government expenditures on the military; (2) business spending on inventory; and (3) the largest consumer demand ever (even without hoarding).

Consumer purchasing power now is rising relatively steeply.

There are several factors. Dividends are up.

Average weekly wages in factories set a new high in July—and more workers than ever are earning them. Farm income, instead of sinking, is headed up.

These all boost consumer income. Such added demand bumps head-on into rising military need for goods—not the same goods, perhaps, but the stuff has to be made by the same men and of the same materials.

And the new income taxes won't even blunt this competition.

Don't overlook for a moment that business' own buying is a factor in the present inflationary trend. Business is trying to accumulate inventory. This pushes prices up, whether materials can be had or not.

Premium prices in nonferrous metals offer proof enough of that.

Some idea of the size of the business buying spree may be had from July orders placed with copper fabricators.

Copper contents of orders booked ran to 190,967 tons. That's better than 50% above a big month's output. And it compares with bookings of 127,639 tons in June (which was a good month in itself).

There can't be any effective inflation control any time soon.

Even should the President use all the powers Congress is giving him, the lid would be a very loose one.

Congress quite intentionally left a lot of room for farm products to rise. That points to higher food costs. And food carries about 40% of the weight in the cost-of-living index.

It stands to reason that, if you can't control food prices, you can't freeze wages. This is particularly true with many union contracts keyed to the c-of-l. So manufacturing costs will rise.

Some slight rein on inflation might be expected if the Federal Reserve Board and the Treasury weren't at loggerheads.

Anti-inflation minded, the FRB would like to stiffen money rates. It has tried this by raising the rediscount rate (page 25). It wants the Treasury to go along by letting the interest rate on government bonds rise a notch.

But the Treasury won't. And that just about ties the board's hands.

August has been a month for us to catch a little breath.

That's particularly true of prices. The cost-of-living index won't go up

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 26, 1950

nearly as much from mid-July to mid-August as it did the previous month (when a jump to 172.5 left it just two points under the postwar high).

A look at the figures will tell you why. Food made up most of the rise of 2.3 points from June to July (page 76). But the broad average of foods at wholesale was almost exactly level from July to August.

There are signs, though, that the rise is setting in again.

Scare buying has abated a good bit, at least for the time being.

Department store sales now average in the neighborhood of only about 10% over a year ago. That's very different from the panic weeks with their gains of 30% and 40%.

The month of July undoubtedly marked the peak of hoarding.

Sales of all retail stores (as distinct from department stores) came to almost \$12.2-billion, topping a year ago by 20%.

Not all consumers were able to finance their July purchases out of current income—or even by going into debt.

Cash-ins of Series E bonds substantially exceeded sales for the country as a whole. And in New York State (1) savings banks paid out more than they took in, while (2) savings and loan associations' withdrawals were greater than the intake on new sales of stock.

That's one side of a war scare; people change money into things. But here's another: Worry over Russian bombs sets men to thinking of their heirs; July sales of life insurance topped a year ago by 31%.

Official statements that military needs call for no more than 4% of steel output in the coming year don't help the steel pinch a bit.

Taking even 4% of an item already in short supply tightens the squeeze.

Besides, this 4% hits the tightest part of the steel market. Government requirements are largely flat steel. And that's just the kind of steel civilian producers want most desperately.

Fortunately, the government doesn't need anywhere near as much steel plate as in World War II. That's because shipbuilding was so much larger then. But what plate the government does need sidetracks an equal, or even larger, tonnage of sheets already ordered by someone else.

Here's a sidelight on the steel situation: Steel doesn't go as far in munitions as it does in civilian goods.

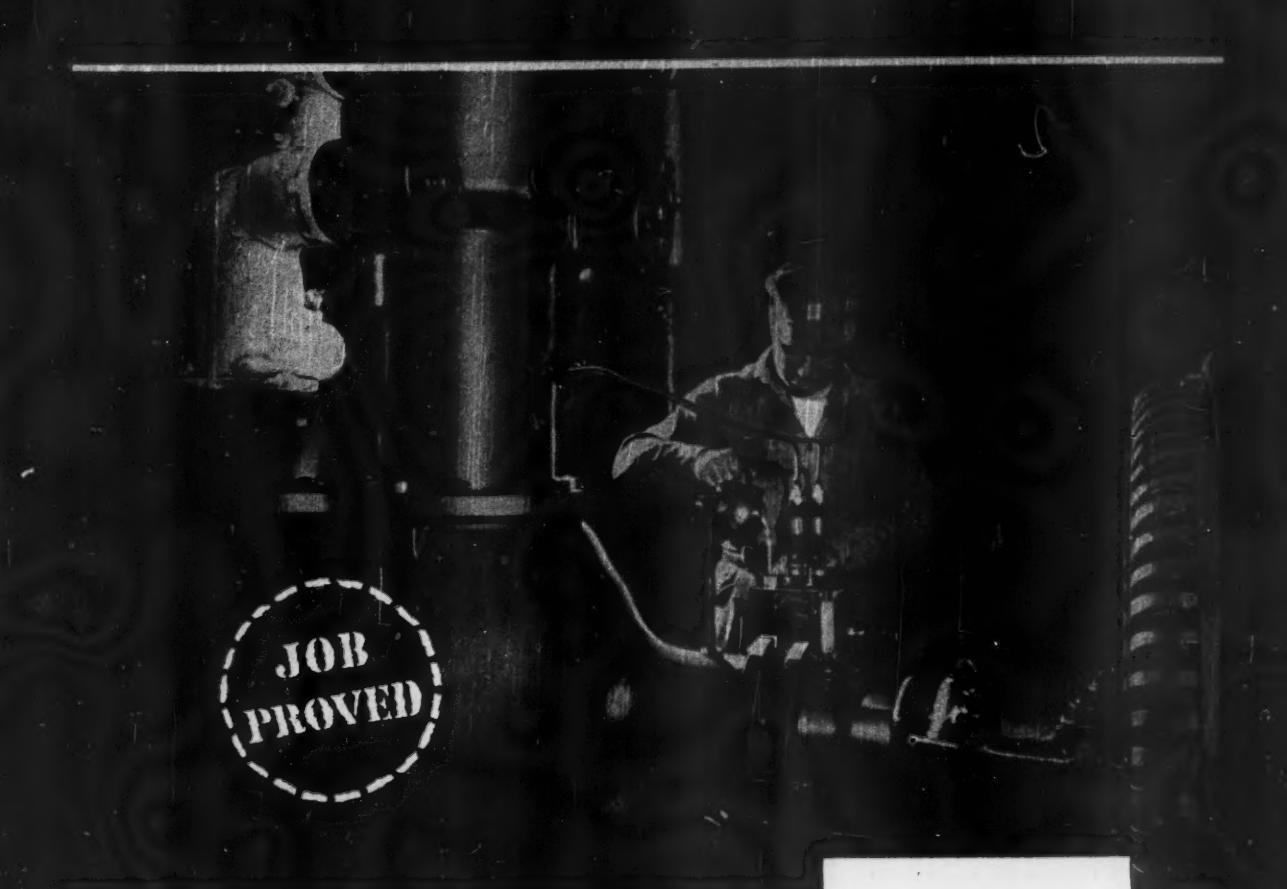
Closer tolerances, tighter inspections, etc. mean more scrap per ton of steel. That's fine from the standpoint of feeding the scrap back into the openhearts. But it still means a little less steel all around.

Just to complicate things, when the rail strike started this week, steel operations began to decline.

On Monday, the American Iron & Steel Institute's weekly figure put the operating rate at 90.6%.

On Tuesday, Iron Age made its weekly check. The magazine found that prospects had deteriorated to 87½%.

Aluminum promises to be one of the tightest metals. Output is no more than keeping up with demand now. And the government figures it will need 14% of the total supply for the year ending next June 30 (page 26).



JOB
PROVED

SUPPLY OF FRESH MILK ASSURED

**Sun Man's Timely Call Solves Refrigeration Problem;
Results in Many Other Valuable Recommendations**

No milk company can afford repeated refrigeration failures. The cost is far too high.

But they do happen unless the right compressor oil is used. In fact they happened with costly regularity in one of the country's largest milk plants. Oil after oil was tried, but in every case they sludged and formed a sticky, tarlike substance that interfered with the moving parts.

Two years ago a Sun technical man called at the plant at a time a compressor was acting up. Invited to study the problem, he suggested a grade of Suniso Refrigeration Oil particularly suited to the conditions. This "Job Proved" Sun product quickly

cleaned the system of sludge and deposits, because of its high natural detergency. As a result, the dairy adopted Suniso for all its compressors, and every one has been running at peak efficiency ever since.

An interesting sidelight: while in the plant that day, the Sun man offered a number of other suggestions. As a result, a bad sticking problem on the capping machines was solved; lubricant inventories have been reduced a third; shutdowns of bottle-washing machines have been entirely eliminated; repairs to motors have been cut in half. Today the plant is 100 percent Sun-Oil-lubricated.

**SUN OIL COMPANY • Philadelphia 3, Pa.
In Canada Sun Oil Company, Ltd., Toronto and Montreal**

FINGER

Sometimes production moves along so well it lulls you into a false sense of satisfaction. Quality is fine, inventories low, costs in line—so you think! Then, with no particular objective in mind, you invite the Sun man to walk through your plant. From his wide experience in many other plants, he puts his finger on a way to make a saving—a saving you can't afford to miss. He does it without interrupting production, without consuming the time of your men. And you are pleased. But your case is not uncommon. For Sun's technical representatives are trained observers. Any manufacturer who invites them into his plant, invites improvements.

SUN PETROLEUM PRODUCTS ➤ SUNOCO ➤

LOOKING FOR WAYS TO CUT OPERATING COSTS?

Here's the ticket!

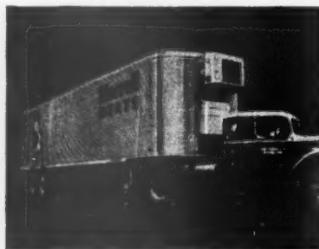
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Fruehauf Users Find Trailers Best for Faster, Better Transportation

AT LOWER COST!

Yes, hundreds of manufacturers and suppliers are finding that Fruehaufs really do a job . . . for Fruehauf Trailers substantially *cut* overhead and provide more economical handling of materials.

They last longer . . . with less maintenance because Fruehaufs are engineered to the loads they haul . . . built for performance and dependability. In addition, a nation-wide service network "comes with the package" when you buy a Fruehauf Trailer. Ask your local Branch man, or write, for Fruehauf's free "Transportation Cost Analysis." Fruehauf Trailer Company . . . Detroit 32 . . . Los Angeles 58 . . . In Canada: Weston, Ontario.



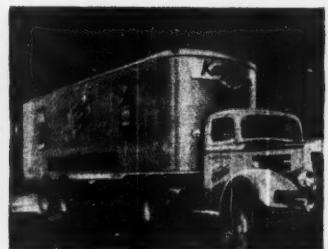
FASTER DELIVERIES—Harry W. Davis, Director of Traffic, John Morrell & Co. "We not only move meats faster, but give our customers better service and get products to them in better condition."



ELIMINATES CRATES—Martin M. Wick, President, Wicks Organ Co. "Because of the very smooth ride we get from this unit, we can haul fragile organ pipes without packing."



LESS HANDLING—Frank H. Koch, Traffic Manager, St. Charles Kitchens. "Fruehaufs afford quicker deliveries, materially cut damage to our product, and maintain prompt schedules to our customers' door."



CUTS WAREHOUSING—These Fruehaufs deliver both raw materials and finished products for Shedd-Bartush Foods, Inc., on a fast shuttle system between six of its major plants upon demand.

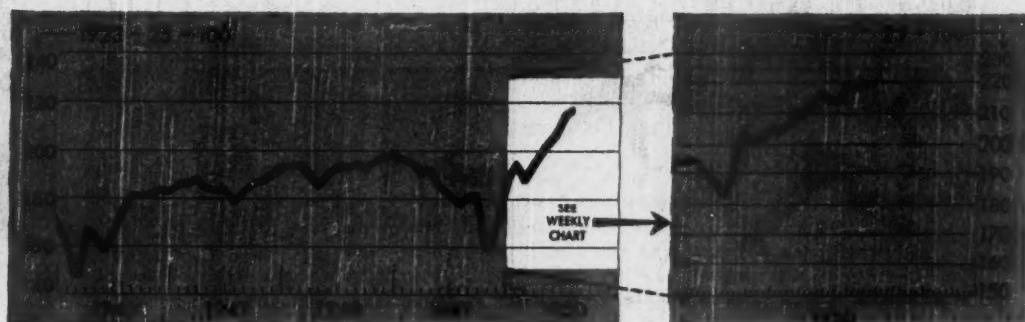
FRUEHAUF Trailers

World's Largest Builders
of Truck-Trailers



GREATER ECONOMY—Henry Muller III, President, Muller Brothers, Inc. "Since Fruehaufs were added to our fleet our operating costs have been reduced 20% . . . our operation speeded up 10%. First Class Equipment Pays Off!"

FIGURES OF THE WEEK



Business Week Index (above)

\$ Latest Week Preceding Week Month Ago Year Ago 1947 Average

PRODUCTION

Steel ingot operations (% of capacity).....	90.6	100.1	99.3	84.8	97.3
Production of automobiles and trucks.....	192,511	†182,965	187,339	149,359	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$34,258	\$36,496	\$53,415	\$32,559	\$19,433
Electric power output (million kilowatt-hours).....	6,370	6,253	6,186	5,579	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	5,708	5,675	5,538	4,775	3,842
Bituminous coal (daily average, 1,000 tons).....	1,805	1,760	1,519	1,328	1,685

TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars).....	80	80	74	71	86
All other carloadings (daily average, 1,000 cars).....	61	60	57	51	52
Money in circulation (millions).....	\$26,976	\$27,015	\$27,029	\$27,383	\$9,613
Department store sales (change from same week of preceding year).....	+26%	+30%	+25%	-15%	+17%
Business failures (Dun & Bradstreet, number).....	186	194	170	193	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), July	172.5	...	170.2	168.5	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	459.9	450.0	444.2	338.9	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	289.4	†284.4	262.9	221.1	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	352.6	348.0	352.6	290.1	146.6
Finished steel composite (Iron Age, lb.).....	3.837¢	3.837¢	3.837¢	3.705¢	2.396¢
Scraps steel composite (Iron Age, ton).....	\$41.58	\$40.25	\$36.83	\$21.92	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	22.530¢	22.500¢	22.500¢	17.625¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.21	\$2.21	\$2.27	\$2.04	\$0.99
Sugar (raw, delivered New York, lb.).....	6.26¢	6.26¢	6.17¢	5.90¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	37.96¢	37.72¢	38.25¢	30.83¢	13.94¢
Wool tops (Boston, lb.).....	\$2.65	\$2.60	\$2.50	\$2.05	\$1.41
Rubber (ribbed smoked sheets, New York, lb.).....	47.80¢	47.30¢	42.83¢	16.68¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	148.3	145.7	138.5	121.7	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.23%	3.23%	3.30%	3.38%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.61%	2.61%	2.65%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	14-13%	14-13%	14-13%	14-13%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	14-11%	14-11%	14-11%	14%	4-8%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	48,098	48,351	47,728	46,050	†127,777
Total loans and investments, reporting member banks.....	68,116	67,933	67,875	64,693	†132,309
Commercial and agricultural loans, reporting member banks.....	14,359	14,187	13,791	12,939	†16,963
Securities loans, reporting member banks.....	2,586	†2,595	2,295	2,072	†11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	35,078	35,154	36,222	36,485	†15,999
Other securities held, reporting member banks.....	6,133	†6,029	5,958	4,947	†14,303
Excess reserves, all member banks.....	730	870	670	1,297	5,290
Total federal reserve credit outstanding.....	18,889	18,904	18,475	18,694	2,265

*Preliminary, week ended August 22nd.

††Estimate (BW—Jul. 12 '47, p 16).

‡Revised.

†Date for "Latest Week" on each series on request.



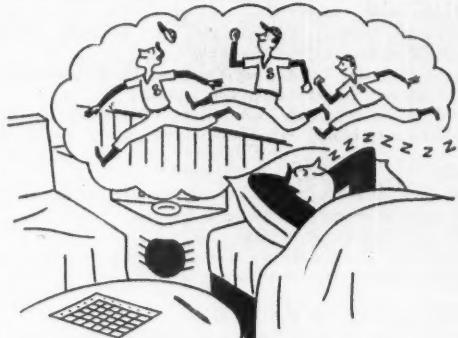
1. Bounding Bill, the baseball fan, slid into Statler's lobby. "I'm safe!" he cried. "Excuse my slide, but baseball is my hobby. I've seen a game, the home team won, and now what I like best is being 'safe at Statler'—where you really *are* a guest!"



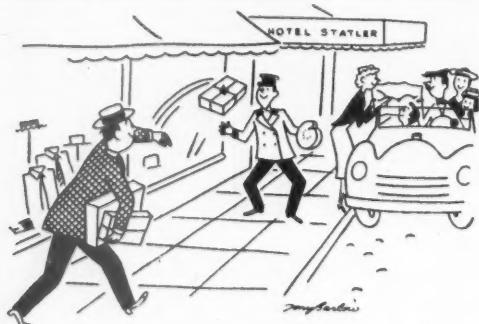
2. "At end of any game," said Bill, "I'm dusty, tired, hot; no wonder, then, the Statler bath's my very favorite spot. There's loads of soap to lather with, the steamy water's flowing, and stacks of snowy towels wait to rub me dry and glowing."



3. "The Statler kitchen staff," said Bill, "is sure an all-star team. Each dish is perfectly prepared with cooking skill supreme. From soup to nuts, each Statler meal I think is simply great—and like my favorite slugger, I clean up at the plate!"



4. "I know a lot of folks," Bill said, "who talk of counting sheep, but I count baseball players when it's time to go to sleep. Yet when I'm in a Statler bed, eight hundred springs and more are so darn soft I count to three—and then I start to snore!"



5. "The Statler's in the heart of town; within a baseball throw are business districts, shops and shows," said Bill, "and this I know—no matter why you come to town—for business, fun, or dinner—just choose the Statler and you'll find *you're really picked a winner!*"



STATLER HOTELS: NEW YORK (FORMERLY HOTEL PENNSYLVANIA)
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DETROIT • ST. LOUIS • WASHINGTON
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WASHINGTON OUTLOOK

WASHINGTON
BUREAU
AUG. 26, 1950



Your dollar will be worth less by Dec. 31 than it is today. All signs are that the cost of living and doing business will be pointing higher and higher. Price stability isn't in sight.

Keep this in mind: Truman isn't out to stop inflation, but merely to regulate it. He still hopes that somehow prices won't get out of hand.

Politics favors inflation. The Administration attitude, bare of frills is this: Inflation wouldn't be bad at all—if we could just have the booming business, plentiful jobs, rising wages, and high farm prices without the increases in living costs. That typifies the Washington approach.

So, watch anti-inflation fire to center on prices. That will be popular, but ineffective. It aims at the shadow, not the body of inflation.

What makes inflation is no mystery. Any time demand, backed with money, is pushed ahead of the supply of goods, prices climb. Right now, defense is dumping \$18-billion of demand into an already tight economy.

The remedy for inflation is no mystery, either. Up-pressure on prices can be relieved by cutting nondefense demand enough to make room for the extra war orders. The way to do this is to slash nondefense government spending, tighten "easy money" credit policies and tax away enough purchasing power to bring supply and demand into line. There's nothing new in that. It's economic orthodoxy.

But the issue won't be met head-on. Tough money controls would blunt the boom and might even reverse it. Either way, it would mean fewer jobs open, less up-pushing on wages, and lower farm prices. That's the big objection to it: It involves considerable political risk.

Truman's advisers want to manage the boom, not choke it off. They think they can do this and keep a balance between costs, prices, and wages by using selective controls—allocations, consumer credit, price-wage fixing, and rationing. Anyhow, that—not money control—is to be the main line of defense against inflation.

The Treasury-Federal Reserve Board squabble points up the issue of general monetary control vs. selective restraints as anti-inflation weapons.

The background: The Federal Reserve supported government securities at a minimum of par in the war and early postwar years. This made it easy for holders to switch from governments to better-paying private loans, and thus helped underwrite the 1947-48 inflation.

The board wants a different policy now. It wants credit tightened up (page 25) and it wants some flexibility in the security market. It feels that while the "easy money" policy may have saved the taxpayer interest money on the public debt, it cost him much more by inflating the prices of what he buys.

But the treasury is opposed. It wants no rise in interest rates, and it wants a firm prop under its issues. It will get a compromise, at least. Truman usually sides with Secretary Snyder.

Prices are up sharply since Korea. The cost-of-living index rose from 170.2 at mid-June to an estimated 173.5 at mid-August.

The up-trend now is leveling out. But government economists think

WASHINGTON OUTLOOK

(Continued)

WASHINGTON
BUREAU
AUG. 26, 1950

this is temporary. They figure that the upturn could soon be resumed.

The big danger point on prices is around the end of the year. That's the time when fifth-round wage boosts will begin pushing costs up. It's also the time when defense will be making telling cuts in civilian hard goods output. The two together may give an extra kick to the wage-price spiral.

Labor will be tough in wage negotiations. Immediate wage hikes will be only part of the demand. More and more unions will insist on périodic reopening of contracts on wages for cost-of-living increases. Firm deals for a long term may be difficult to set. The meat contract, with reopenings every six months, is talked by the unions as a pattern. There's inflation in this.

Strikes will become a problem. The rail tie-up this week shows that the unions won't put defense ahead of their own demands. And it was more proof that fact-finding, which is Truman's device for settling disputes, no longer carries much weight with the unions. Truman may ask for compulsory authority to order settlement of disputes, once elections are over.

Remember the scramble for defense orders in 1941? Most companies were running below capacity, and anxious for government business.

It's different now. Military procurement men report that some producers of highly competitive products are reluctant to bid for defense contracts. If they get the contract, they have to scale down civilian output; and this means letting a competitor get a share of their market. So the tendency is to try to over-bid, not under-bid the other man. It's the sort of situation which will hurry industrywide cutbacks on civilian goods.

The job of materials allocation will go mainly to Sawyer of Commerce, with Agriculture and Interior having a hand (page 19). Symington's NSRB, which wanted to say how materials are divided among civilian users, seems likely to wind up in an advisory role.

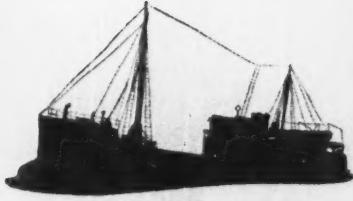
A new military plan to back up foreign policy over the long pull now is being developed. Indications are, it will be patterned after the balanced air-sea-ground power advocated by the late Secretary Forrestal as the minimum for security.

The Air Force will go from the present 48 groups to at least 70 groups.

The Army, cut hard by "economy," will go at least 50% over the pre-Korea strength—and maybe much higher, depending on what men we put in Europe.

The Navy will get more carriers, more air power, more antisubmarine craft. The big supercarrier, vetoed by Secretary Johnson, may yet be completed.

The cost will be tremendous. Estimates are that it will take \$25-billion yearly to maintain this bigger force (and considerably more while we are building up to it). That, of course, allows nothing for the billions which will go to our allies.



"BEST THING I EVER HAD."



beam trawler captain reports about Sperry Loran

► CAPTAIN ALLAN J. FOOTE of the *William J. O'Brien* formerly had to find his fishing spots by dead reckoning in foggy weather. Now Sperry Loran finds them for him with pinpoint accuracy. "Best thing I ever had," he says.

► "With Loran I can fish within $\frac{1}{4}$ of a mile with a 5-mile tide. I'm sure of one thing: if you threw a baseball over the side in Boston Harbor and allowed for tide, I could pick it up by navigating with Loran. I don't know how I ever fished without it."

► On one trip to Cultivator Shoal off Georges Bank 200 miles out of



Boston, Captain Foote and his crew traveled four days and fished five more without once seeing the sun. Yet Sperry Loran kept the 125-foot

trawler on a spot 25 fathoms deep, $\frac{1}{4}$ mile wide.

► "It was thick of fog," remarks Captain Foote, "but we stayed on our Loran fix and got our whole catch (104,460 lbs.) from there. We stocked \$8,741.15. And it was caught by that Loran."

► Captain Foote—or the skipper of any of the six Loran-equipped O'Brien beam trawlers—knows his destination before leaving port. Then Sperry Loran leads him there—and keeps him there until the rich haul is aboard. With Loran, he can return again and again to that profitable spot.

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BUSINESS WEEK

NUMBER 1095

AUGUST 26, 1950



Stuart Symington

Charles Sawyer

Maurice Tobin

Oscar Chapman

Charles F. Brannan

War Mobilizers: Confused and Gentle

No WPB this time, simply a splitup of power among Commerce, Interior, Agriculture. In the fuzziness, controls will go light.

The vast powers voted the Administration in the "Defense Production Act of 1950" will be parceled out by the President right after he signs the bill into law. An executive order is in the works right now.

• **Chaos, Confusion**—Barring last-minute changes of Truman's mind, it seems certain that businessmen will be in for more of the confusion, chaos, runaround, and frustration so well remembered from the early days of World War II.

Behind this painful prospect are two Truman decisions:

(1) There's to be no new emergency mobilization agency to exercise all the control powers—no new "War Production Board" (another "War Production Board" at this time would be bad psychology, he feels).

(2) Instead, emergency powers will be split into three chunks, and passed out to three heads of existing departments:

Secretary of Agriculture Brannan gets food and fiber—and the farmers.

Secretary of Interior Chapman gets minerals, coal, petroleum, gas and electrical power—energy and natural resource industries.

And Secretary of Commerce Sawyer gets all the rest—transportation, general manufacturing, and business generally.

Secretary of Labor Tobin's role is most fuzzy. Even when the wage-price provisions of the new law are decided,

Tobin isn't in line for any part of the job.

• **Pint-Sized WPB**—Each Secretary is to be the "claimant" agency for the industries and economic groups under his wing. But on some things, each secretary will also be a pint-sized War Production Board, the man who decides how to divvy up the item among all industry.

• **Who Gets What**—Brannan will be the distributor of food and fiber (but probably not synthetic textiles). Chapman will parcel out coal, petroleum, gas, and electric power.

Tobin's mobilization spot doesn't show up very strong on the organization chart—there isn't going to be any allocation of manpower. But as 'claimant' man for labor, Tobin's influence on decisions made at the White House is obvious.

Secretary of Commerce Sawyer gets the biggest chunk of authority—the allocation and priority power for most manufacturing, distribution, and service industries. The experts in the department's new "Office of Defense Production" (the name isn't final, yet) will act in two different ways:

(1) They will rule on the needs of their industries for critical materials and services;

(2) They will also rule on the distribution of metals, components, and finished items throughout all industry. In other words, the new Commerce

agency becomes the nearest thing to a new War Production Board that you'll see in Washington for some time. In fact, Sawyer already has an industry man to head up the operation: William Henry Harrison, president of International Telephone & Telegraph, a veteran of World War II's WPB. Harrison hasn't been named yet, but one of his scouts has already moved into an office.

• **Conflicts**—Assuming that controls spread faster than anyone expects—which they have always done—there are bound to be conflicts. Sawyer can't boost aluminum output without calling on Interior's power. Aluminum and electric power are both short—so which one has the final decision?

You might figure that this conflict could be arbitrated easily enough. After all, there is a National Security Resources Board as the top coordinator—an agency of experts to iron out the conflict between operating agencies.

The trouble is, NSRB probably won't function as much of a coordinator. As Truman has things worked out, he's going to find that he has to be his own Donald Nelson.

Theoretically, Symington might step into those boots. But the truth is his NSRB staff is hardly any better equipped to take over than the staffs of Labor, Interior, Agriculture, or Commerce. And Symington's prestige is no greater than that of the department heads.

So what you're going to see is Symington, Sawyer, Chapman, and Brannan all equally free to take their case to the White House. Each will take

answers and orders from Truman—but none is likely to take orders from any other.

• **Will It Work?**—Truman has been told this setup won't work—and the Senate this week was thinking along the same lines when it voted to give Sawyer, as Secretary of Commerce, all priority and allocation controls in the controls bill. The author of the amendment, Sen. Ed Johnson of Colorado, argued that if the day comes when you have to create a WPB, the nucleus would be all under one roof—not spread all over town. The House-Senate conference committee, loaded with Administration Democrats, is almost sure to knock out the Senate directive.

Truman, however, seems to be counting on this ace-in-the-hole to carry him through the next few months:

There shouldn't be much bureaucratic confusion and conflict if controls are held to a minimum. So, look for the controllers to avoid imposing controls, if possible, and make the fewest people unhappy, if something clearly must be done.

• **Even Keel**—This policy of "don't rock the boat," Truman hopes, may get him through the next few months, which will determine the outcome of Korea and the election. There's some support for this theory in the fact that it will be impossible for the military to step up its take from the civilian economy very much during the next few months. Earlier estimates still stand: On steel, military consumption a year from now may be up from 2-million tons to a rate of 5- to 7-million tons; on non-ferrous metals, the defense take may rise from the present 5% to perhaps 10% or 12%; after that, nobody knows.

Working under this kind of "negative pressure" from above, the experts are pretty fuzzy about what's likely to happen. They just can't see very far ahead.

• **Watch Commerce**—From Commerce, however, you can expect several things. Next week there will be a new rubber limitation order in effect. It holds down total rubber consumption to the level of the past year—20,000 tons a month less than the industry is presently using (column three).

Next will be an inventory limitation on steel and other critical metals and chemicals. You will be told you may not have on hand more than you had during a pre-Korea base period—or perhaps the cut will be to 90% or so of the base period.

Then Commerce will hand out the priority slips for steel and other critical materials to the prime contractors turning out products for the military. And these will have to be honored by their suppliers.

• **Informal Arrangement**—As to allocations to civilian industries, Commerce

hopes it can handle everything "informally," at least for awhile.

For instance, the wartime and post-war freight car shortage confronts the railroads and industry once again. But car makers have slim records of steel consumption in recent months. As a result, they would get no steel unless the government lent a hand.

Commerce now plans to handle this on a voluntary basis, in much the way it was done under the Republican 80th Congress' "voluntary allocation" law. The purpose would be to avoid taking the first formal step into allocating steel among civilian users.

On most critical items, the bureaucrats are hanging back. Wool is tight. But Agriculture hasn't anything in the works other than priorities for the military. Power is tight. But Interior isn't talking about possible brown-outs.

In short, for most businessmen, the next few months will be "business as usual," if Washington has its way.

• **Staff Buildups**—Price controls seem a long way off—even ceilings on critical industrial raw materials. But price control or not, a big bureaucracy is building up in the agencies that are getting the new assignments.

Commerce officials talk easily of "500, maybe more" employees in their new controls office.

Interior officials aren't expecting to build very far. As in Commerce, there's to be a new agency created—power will clear through Assistant Secretary William Warne, minerals and fuels through Assistant Secretary C. Girard Davidson. Plans are definite for using some of the new defense money to step up production of manganese, copper, and other nonferrous metals.

Agriculture Secretary Brannan has named Ralph Trigg, head of the Production & Marketing Administration, to handle food and fiber controls for the department.

Broken Glass Market Enjoying Loud Boom

There's a bull market in broken glass these days. Reason: the strikes which have tied up many soda-ash producers (page 38).

Broken glass—called cullet in the trade—is one of the materials used in the manufacture of glass containers. Cullet, placed in a furnace charge with soda-ash, limestone, and sand, serves to speed the glass-making process and thus save fuel costs.

Normally, a glass plant produces enough cullet for its own needs.

Now, strikes have sent the price of soda-ash skyrocketing, and the supply is short. To make up the difference, glass manufacturers are using larger

charges of cullet in their furnaces. The increased use of cullet enables them to use smaller charges of the scarce soda-ash.

Hence the demand for larger supplies of cullet. Dumps are the main source. Salvage concessionaires at the dumps are finding it worth their while to speed the recovery of broken glass. The dealers' price for a ton of cullet has already jumped from \$4 to between \$8 and \$10. Sales to container plants have been as high as \$20 a ton.

20% Rubber Cut

Industry accepts order to cut rubber consumption even before law is passed. Few layoffs are expected.

The rubber industry is preparing to carry out a government order for a 20% cutback in consumption—even though the order has not yet been issued or the law passed.

The cutback plan was worked out by the Commerce Dept.'s Rubber Division and the National Security Resources Board. Industry leaders approved it last week. It will become effective Sept. 1 for four months.

• **Few Layoffs**—The industry believes that the plan will cause few if any layoffs of rubber workers, although work schedules will be reduced. Industry hopes the order will be lifted Jan. 1, and wants to keep its full labor force meanwhile.

• **Initiative**—Rubber leaders took the initiative in proposing cutbacks, figuring they were certain to come early in any defense program (BW—Aug. 19 '50, p19). The industry figured that:

• If it went to Washington with a plan of its own, it would escape with less drastic controls.

• A reduction in rubber consumption would tend to hold down the price of natural rubber.

• **The Setup**—Here's how the forthcoming cutback order will work:

Rubber consumption is to be cut by about 20% of average use during the period between July 1, 1949, and June 30, 1950. To prevent a mad scramble for rubber during the remainder of August, the order limits each manufacturer to 120% of his base period average during August. If a manufacturer exceeds 120%—and most will—he must subtract the extra from consumption during the remaining four months.

The order makes no distinction between natural and synthetic rubber. It assumes that the industry will reduce the use of natural because it is more costly. Synthetic is pegged at 18½¢ a lb.; natural cost 4½¢ a lb. last week.

Businessmen Worry Again

Only four months ago they hadn't any real problems. Now they are staying up nights over material shortages, manpower shortages, inflation—and even deflation.

Korea and Stalin aside, what keeps you awake nights?

Last week BUSINESS WEEK reporters asked management men across the nation that question. Four months ago, when reporters made the same query, the answers pretty much added up to "Nothing" (BW-Apr. 22 '50, p.19). This time it's different. Since April, the market for aspirin has grown enormously in top-drawer circles.

• No. 1—Out in front as the No. 1 worry—and it's a real throbber—is the growing shortage of materials. Steel, of course, heads the list. But in varying degree, nearly every basic commodity is short and getting shorter. Here are the goods mentioned most often:

Wool, copper, magnesium, tin, cement, brick, pig iron, aluminum, rubber, brass, metal scrap, cast iron, zinc, cotton, rayon, nylon, nickel, cobalt, leather, lumber.

Whether government inventory controls or rationing would ease things is a hard question. Some think so. Others mutter "Time isn't ripe" . . . "Would lead to socialism" . . . "Nationalization of industry."

• No. 2—From out of nowhere, another shortage—manpower—has now grown

into the No. 2 headache. Everywhere the story is the same: lack of skilled and semiskilled men. (Here and there, too, secretaries are hard to find.)

What makes the manpower problem doubly exasperating is that for two years businessmen have been in such a tidy spot. Productivity had been on the rise. Work forces were down to most efficient size. Raiding, turnover, absenteeism, and all the other manpower snarls of the war had been combed out of management's hair.

Now the whole tangle is in the making again.

• No. 3—Inflation is the No. 3 headache. Costs are going up dizzyly right and left. Says one manufacturer:

"Price raising has ended" courtesy among businessmen. Advance notice of price changes is finished. Now you place an order for material and pay for it when it hits your factory floor."

If the businessman can't pass along these new costs, he's trapped. An Eastern laundry puts it this way: "Wrapping-paper, cardboard for shirts, hangars, and chemicals are up as much as 50%, and cardboard, furthermore, is on allocation. Our prices are as high as traffic will bear, and the unions want

higher wages. We're in the middle." • No. 4—Whether situations such as this will bring on government controls is worry No. 4. And as always, faith in Washington's judgment is small.

To boot, businessmen are scared that they may not be called in on the shaping of controls until too late.

• No. 5—in all, the first four business worries are typical of the rush and confusion of war breaking into a tight economy. Curiously, worry No. 5 is that there may have been too much hysteria—too much buying, raiding, and scrambling. Department store and textile executives are especially nervous. One large store manager says:

"My biggest worry is that the orders we placed during midsummer with various suppliers will be filled, and there won't be the demand to take them off our hands. Like most stores, we placed heavy out-of-season orders after the Korean war when panic buying by the public was at its height. Bringing in goods out of season—we call it emotional buying—is always risky."

A hosiery manufacturer claims that "even if the supply of nylon yarn were cut in half today, there would be enough stockings to go around. But the public has a penchant for hoarding—it wants to hold the inventory instead of letting the manufacturer or retailer hold it. That isn't healthy for our future business."

• Others—Alongside these first five business worries, other headaches are much less pressing. They include: how to anticipate future military orders; labor troubles; taxes; whether or not to expand plant capacity; shortage of freight cars; depletion of natural resources; maintaining proper inventory mix.

• Coming—And much lower on the horizon a new worry is emerging—not fully formed, but there. That's the worry over eventual distortions in the competitive picture. One industrialist—who vividly recalls what happened six or seven years ago—phrases it this way:

"The government goes to my largest customer and loads him up with a tremendous order. So this customer comes to me and says, 'I'll need four times what I got from you before.' I can't afford to say no to such a big buyer—if I lose him it'll be for good. So I have to tell many of my small customers of 25 years' standing that I can't handle their business, at all for the next year or more. I end up with more business, but fewer customers."

"Then what happens? Well, after production for World War II ended, I found I had exactly 14 new competitors in the field here. On the basis of present demand, I can end up World War III with still another dozen competitors . . . with most of my old customers split among them."



New Packard Line Bids for Comeback

Packard is launching its new 1951 line this week in a major bid to bolster its sales, down in the first half from 1949's \$111,244,375 to \$79,138,355. The "200" Club Sedan, pictured here, has a 122-in.

wheelbase, is engineered two inches closer to the ground than previous models, priced in Detroit at \$2,195. Larger models, with Ultramatic transmission, have a very high compression ratio—7.8 to 1.



AUCTIONEER calls for a higher bid as Tucker Corp. becomes history. Sale was handled by Samuel L. Winternitz & Co., Chicago.



START was a happier time. Pretty models heralded super-car that was going to cost little, revolutionize the industry.

Tucker Remains Go on the Auction Block

Preston Tucker and his wonderful automobile are practically history to the man on the street. After Tucker found that \$26-million wasn't enough to put the fear of Tucker into the Big Three auto makers, he got hauled into court by SEC for mail fraud. Early this year he was acquitted—and that was the end of the Tucker story, except for the mortal remains of the company.

Last week even they were beginning to disappear. At the giant Dodge plant at Chicago, which Tucker rented from the government to set up his manufac-

turing operations, the voice of an auctioneer blaring out over a public address system knocked down almost a fifth of the \$3.5-million worth of equipment Tucker had installed to build his car.

Buyers came from all over to bid on welders, painting equipment, conveyors, office equipment, trucks, a tractor, and other equipment. They even bid on an oriental rug, lamps, and beds that furnished Tucker's own office. They paid \$155,000 for their purchases. But a lot of the 400 or 500 people who turned

out didn't come to buy anything. Some were former employees who wanted to see what was happening to their old machines. Others were just along to see the show.

This wasn't the first Tucker auction but it was the biggest so far. In April of 1949, Tucker's private planes were sold for \$27,500; and the following month tires, accessories, upholstery materials, and steel brought about \$93,000. This latest auction was the first to sell capital equipment. But there's still plenty more in the plant.



BUYERS looked long at welders but paid less for them than for old trucks and scooters.



DETROIT BUYER takes time out for standup breakfast as bidding goes on.



SEWING MACHINES that were going to make Tucker upholstery brought high prices.



MONEY was available then. Here Tucker gets check for \$15-million from Floyd Cerf, underwriter. But it wasn't enough.

There were few bargains available at the sale. The first item that was knocked down was a Caterpillar tractor. It brought \$3,650, though it had been in the plant during the war and listed brand new for \$3,490. A 1942 Dodge panel truck went for \$850, about what it cost new and only a few hundred less than a 1950 model would cost.

Just as a small tractor with a snow plow was sold for \$160, the plow dropped off, nearly hitting several bystanders. At that point, the auctioneer hollered: "Get that man's cash before he changes his mind."

Plenty of other equipment that hadn't been touched for years was bringing good prices, too. Motor scooters that were

used by engineers and foremen to cover the vast plant area were selling for \$50 to \$90 apiece despite flat tires and torn upholstery.

About the only items that weren't bringing top prices were welding devices. Equipment that had originally cost \$1,500 or more was bringing around \$500. Most of this stuff had already been set up to weld Tucker bodies, so it would probably require a lot of extra money to adapt it for other uses.

Sewing machines Tucker had bought to make his car upholstery were other items on the block. There were about 100 of them, and about 100 dealers wanted to buy them. One said: "Dealers all need machines and are anxious to

WELDING EQUIPMENT was a big part of the stuff sold at last week's auction. Here prospective buyers take a closer look.

get them—they won't let an individual buyer outbid them." Before the bidding began estimates on the value of the machines ran around \$150. They sold for upwards of \$165.

An American Legion official came out to buy Tucker's fire engine. His post wanted it for next year's parade. But the post didn't want it bad enough. It went to someone who wanted to put out fires with it.

Tucker's bubble—one that a lot of people thought was good enough to back with \$20-million—burst a long time ago. A few more auctions and there won't be anything left of the Tucker Corp. except a pile of worthless stock certificates.



HOLLYWOOD BEDS from Tucker's own executive suite were also put on the block. TRANSPORTATION for the auctioneer was provided by lift truck that was later sold out from under him. Several more auctions will finish up the Tucker Corp.

Munitions Board: It Worked

In red tape-bound Washington, the munitions board is surprising almost everybody by doing its job—military procurement—with minimum of confusion. It even backstopped NSRB for a while.

The fanciest battle plans in the world are no good if industry can't supply the weapons to back them up.

It's up to the civilian-run Munitions Board to tell the generals and admirals just how much they can have—how fast they can get it, and how soon. Sometimes this makes for changes in missions and in strategy; often it makes for confusion.

But most observers think the present board head has kept the confusion to a minimum.

• **Big Switch**—When the chairman, Hubert E. Howard, walked into his office in the Pentagon the morning after Korea, he knew his job had changed. The days of just planning were over. Now he had to deliver.

Not only that, but plans had to be changed. This wasn't the all-out atom war with Russia everyone had feared.

Howard's problem was a half-war, a creeping mobilization. And he had to figure there might be other "Koreas" flaring up along the global East-West battle line.

Yet, with his left hand, he had to go on with the job of planning for World War III—in case it came.

• **No Doubts**—But industrialist Howard was confident his staff was up to the entire job. He had no doubts his mobilization machinery was well-oiled, and ready to shift into any gear. And that's what it did, with few of the complications that usually go with government planning, pushing, and purchasing. Events in the two months of Korea fighting have proved him right.

Weapons and ammunition ordered since the invasion are already in action on the Pusan beachhead. The 11.5-in. "Tiny Tim" rocket is one example. And there's the 3.5-in. bazooka and the shaped charges they fire—the GI's answer to the North Korean tanks.

• **Previous Plans**—It was the Munitions Board's industrial mobilization planning that made it possible for Howard to pull the trigger so quickly. Board staffers already knew just what weapons were already in production, how much, how fast that production could be expanded. They knew just what stockpiles were spotted around the country—and how quickly they could be moved.

More than 20% of the nation's total industrial capacity had been mobilized on paper for war production. It took only a telegraphed commitment to start the changeover. Defense reserve machine tools were all catalogued—ready to

fill essential gaps in war assembly lines.

• **The Boss**—All this took place during the four years since Congress refurbished the board in the Unification Act. Howard took over the chairmanship last Nov. 28. He had previously been chairman of the Defense Dept.'s Personnel Policy Board.

He came to the government from the job of chairman of the board of the Binkley Coal Co. and Pyramid Coal Corp. Howard had served on the National Bituminous Coal Wage Conference—across the bargaining table from John L. Lewis—for 16 years.

His Munitions Board is composed of the assistant secretaries of the Army, Navy, and Air Force.

• **Last Word**—Everything you sell to the military—or want to sell—must get an O.K. from the Munitions Board. It decides which service is going to do the buying. For example, the Army buys all trucks for the Navy and Air Force, as well as for itself.

• **Rules of the Game**—National Security Resources Board sets the military share of the economy, and the Munitions

Board tells each service how big a chunk it can have, and for what.

It decides the rules for doing business. Contract forms have to pass through Howard's office. He has the say over whether contracts will be let on a bid or negotiated basis.

Howard was behind the decision to do 90% of this year's mobilization buying by negotiated contract. He did it for speed; there's no time to pamper small business or go through the time-consuming red tape of advertised bidding.

• **Stockpile Story**—The same thing goes for the stockpile. Munitions Board buys the copper, the rubber, and quinidine. It decides how much will be bought, how soon, and at what price. And it will have a hand in deciding what new sources of critical materials need developing with government money.

This is one part of Munitions Board's planning that might be in better shape. Stocks of copper, manganese, crude rubber—all materials that industry has had trouble buying—are behind schedule. Long-range plans for war some time in the future are the main reasons the board hasn't pressed for full speed ahead now. Cautious buying policies—get the most for the stockpile dollar, don't disrupt world markets and run prices up, don't steal supplies out from under industry—are the main reasons the stockpile now winds up with too little of certain critical materials.

• **Conversion Word**—Howard's agency will give the signal when and if defense reserve plants and tools are converted into war production.

But Secretary Johnson hasn't let Howard just sit by and run the inside of the board. Johnson sent him to Canada to negotiate a multimillion dollar U.S.-Canadian weapons agreement, whereby the U.S. buys such things as jet engines, arctic clothing, and radar equipment from Canada; and Canada purchases other weapons from us.

• **NSRB Backstop**—Before Symington took over NSRB and revitalized it, Johnson had the Munitions Board prepare the Pentagon's own total mobilization program. It had set up a plan for priorities and allocations orders and a manpower mobilization program, and was even working on civilian defense plans (page 62). It also had its own idea of how deep the military should be permitted to bite into the economy if war came.

Some of these ideas went into the Defense Production Act of 1950 now before Congress. But since Symington took hold, Howard insists he's glad someone else has to cut up the pie between civilians and the military. He thinks he has enough work of his own for his 750 staffers.



Military Wire Puller

The Army is using a radio-controlled "drone" plane to string telephone wire. As it's shot from a mobile catapult above, the miniature plane drags behind it a strand of wire. The plane is able to string a mile of it in 40 seconds. After that a parachute opens on its back and the plane drops safely to the ground.

TV Parts Shortage

High demand, not war orders, put the squeeze on set makers. Six-million sets are due this year.

The pinch of parts shortages last week began to hurt television-set makers. DuMont had to shut down partially for several days because it couldn't get certain tubes. Muntz Television shut down for an afternoon because it ran out of electrolytic condensers. Nearly everyone was having trouble over resistors—they were in such short supply that some authorities feared it might mean 500,000 fewer sets this year.

• **New Demand**—At first glance, these seem to be signs that the Korean war is beginning to take its electronic toll. But a closer look shows that the squeeze so far has almost nothing at all to do with the present emergency. Here's the reasoning:

Early this year, TV sales took a tumble. The chief cause was fear that sets bought now would soon be obsolete because of (1) color, and (2) a change to ultra-high-frequency wave lengths. As soon as both rumors died down, sales began to pick up. By June, output was nearly three times what it was in 1949 (BW-Jun.10'50,p82).

• **6-Million Sets**—Before Korea, the TV industry estimated that it would turn out 6-million sets this year—nearly double last year's output. More than that, it was certain that this figure would not meet demand. So, the industry claims, the outbreak of war in Korea did nothing but add somewhat to pressure that was already there.

Then why the shortages? Basically, it comes down to one simple fact: It's a lot easier to increase assembly of sets than it is to boost component output. A set manufacturer has to do little more than get a couple more work benches and a few new soldering irons, hire some more girls, and order more parts. (But he does have one big bottleneck: inspection and testing of completed sets.)

• **Component Problem**—Boosting component production isn't so simple. Tube manufacture is a delicate art. One company says that it takes about a year to get everything set up.

A somewhat different problem exists in resistors—it's more a quantitative matter than anything else. For example: The average TV set has 22 or 23 receiving tubes, but it has 100 or more resistors. So although resistors are easier to make than tubes, the industry would have to make 600-million of them just to meet TV-set requirements

this year. On top of that, it must supply resistors for the highest radio production in years—10-million in 1950. • **War Orders**—Obviously, this situation is so tight that it leaves no slack for war orders to take up. Military production of electronic equipment will have to come directly out of civilian radio and TV output.

By and large, the industry seems to think that the effect will be slight—at least for the rest of this year. In the first place, it says, military orders can't affect it before October. Even then, orders now in sight won't take more than a 20% bite out of civilian production. Yet if demand stays at present levels, that is enough to bring a real set shortage to consumers.

• **Changeover Time**—Paul V. Galvin, president of Motorola, Inc., explains that the reason for this is that you can't switch from TV to radar production overnight. He figures it would take three months, from the time an order is received, to make blueprints, assemble workers, tool up, and so on. Meanwhile, you're producing civilian stuff—and that takes you pretty close to the end of the year.

The word is that war orders for electronic equipment now planned will run between \$2-billion and \$2.4-billion. Since the industry turns out about \$13-billion worth of stuff a year now (as compared with a \$3-billion peak during the last war), it figures civilian production won't be hit too hard.

• **Over-Optimism?**—Many observers think this reasoning is over-optimistic. Since electronics is essential to warfare these days, they don't see how the industry can get off so easily.

But the industry points out that it is thinking in terms of a "10% war." If it should become something bigger, then admittedly all bets are off—and civilian production would go out the window. Nevertheless, the industry just isn't thinking in those terms right now. It is prepared to have a big year this year and next in civilian work, regardless of military orders now in sight.

• **FCC Decisions**—More than this, the industry is awaiting the Federal Communications Commission decision on color TV as eagerly now as before. It has officially told FCC it can see no reason for delaying the decision, now due around Labor Day. Likewise, it wants FCC to go ahead as scheduled on its hearings on frequency allocations. It hopes to see the freeze on new TV stations lifted by next summer. And FCC plans to go ahead on both problems.

All of this leaves one great big question which even the confident electronics industry can't answer: Regardless of what FCC decides, who is going to risk starting to build transmitters and sets for new frequencies in a period so full of uncertainty?

FRB vs. Treasury

Federal Reserve revolts against Snyder's low interest rate, policy, and raises discount rate as move to check inflation.

The Federal Reserve System has declared its independence of the Treasury.

For years the nation's central banking system has subordinated its credit control activities to the Treasury's policy of low interest rates on the public debt. On Friday, August 18, the breakaway came.

After the Government securities market closed that day, Secretary of the Treasury John Snyder announced that he would exchange his \$13.6-billion September and October maturities for 1½% 13-month notes.

• **The Bombshell**—An hour later the Reserve System detonated its bombshell. It announced an increase in the discount rate of the Federal Reserve Bank of New York from 1½% to 1¾%.

The Reserve Board then laid it on the line. It said it was "prepared to use all the means at its command to restrain further expansion of bank credit."

• **Forgotten Role**—The break highlighted an often forgotten fact: Unlike the Treasury, the Federal Reserve System is not a full-fledged government agency, though the President appoints the members of the Board of Governors. In asserting itself last week the Federal was acting out its original purpose as an independent "supreme court of finance."

• **Discount Rate**—In upping the discount rate the Federal was marking up the price charged member banks for loans. Nowadays this is no real rein on bank lending. The banks hold abundant supplies of government securities which they can sell to the Federal for cash, rarely need to borrow. But a rise in the discount rate still signals to the whole banking community the fact that the central bank wants tighter money.

Many bank loan rates are tied directly to the discount rate. The effect of the action was seen in New York City Monday when interest rates on prime business loans, bankers' acceptances, commercial paper and security loans headed up.

• **How Serious?**—Now the question was: Would FRB's Open Market Committee actually let prices of short-term government debt fall to permit the higher yields to develop in the market?

On Monday the answer came. Investors who didn't like the Treasury's

refinancing program were selling short-term paper heavily, switching into intermediate and long-term issues. In the face of this the Federal boldly lowered its buying prices on short-term notes. For example, the price on notes due in July 1951 dropped from a slight premium to below par, so that their yield rose from 1.24% to 1.32%. Investors could get a better return on this 11-month maturity than they could from Secretary Snyder's upcoming 14% 13-month note.

• **Inflation Control**—Behind this dramatic split between the two top monetary agencies of the Government is a basic disagreement on this question: Can inflation be slowed down by higher interest rates?

The Treasury believes firmly that no prospective borrower is deterred by an extra $\frac{1}{2}\%$ or 1% tacked on to the cost of his money. The only result of higher rates, it holds, is to raise the interest cost on the public debt.

The Reserve System believes as firmly that interest rate control can still restrain some bank borrowing. It also sees in rising short-term rates a means of inducing investors to hold their short-term governments instead of selling them to the Federal in order to put their money to more profitable use. These sales to the Federal result in additional reserves for the banking system, since the Federal creates money to pay for the securities.

• **Won't Stand By**—The Federal's revolt seems to boil down to this: It refuses to stand by in the face of what it thinks is a wrong Treasury financing decision.

What happens next?

The September-October refinancing will likely go according to plan. It will be proclaimed a "success." By the time the books are closed investors will have disposed of the bulk of these maturities to the Federal. FRB could demand cash for the maturities, but it will not embarrass the Treasury that far. It will dutifully take the new 14% notes in exchange.

Many other investors still holding maturing issues will redeem them for cash and switch to other issues; few will exchange them for the new offering. This will force on Snyder a new borrowing earlier than he had planned. At that time he will have to face the higher short-term market rate that the Federal is now allowing to evolve.

The Reserve System may increase bank reserves to immobilize some of the reserve funds pumped out in supporting the financing. Since remaining authority in this matter is limited, the system may ask Congress for additional power.

If the Treasury and the Federal Reserve cannot compare their differences, Congress may have to step in.

Aluminum Rationing Coming

Supply is inadequate already, with a big plane program coming. Expansion of ingot capacity by 24% within one year looks probable, but that won't fill all military and civilian demands.

The squeeze is on in aluminum. Users are trapped between a demand which already has outrun domestic supply and the new requirements of a \$7.7-billion military aircraft program.

• **None for Trinkets**—When aircraft production gets rolling, aluminum users will feel limitation orders. Some items probably will disappear.

Expanded defense production isn't the only threat to aluminum supply. Stockpiling (at least 50-million lb. yearly) also threatens the free market. So allocation machinery will come after the Defense Powers Act becomes law. You may see export controls sooner.

Scratch-pad estimates set the military demand for the fiscal year ending June 30, 1951, at 260-million lb.

• **The Balance Sheet**—Here's today's aluminum picture:

- We're producing 1.3-billion lb. of ingot yearly.

- We're consuming 1.5-billion lb. (The difference comes from Canada.)

- Ingots are rationed now.

- Extrusion and rolling mills are operating at record volume.

- **What's the Prospect?**—The woods are full of capacity expansion plans—to take effect within a year. But aluminum expansion is plagued by the fact that it takes 10 kwh. of electric energy to produce one pound of aluminum from alumina. Unless you care nothing for costs, the power must be pretty inexpensive. Power supply men say that there's enough power available for 315-million lb. of new capacity—provided you're willing to pay what it costs. Aluminum men argue that any power available now is too expensive.

- **It's Different, Now**—When Alcoa went into the business, it developed cheap hydroelectric sites. That isn't possible today, for the government has pre-empted the good hydro sites. Thus today's expanding aluminum industry must turn either to government, to commercial power systems, or, as Alcoa has, to its own fuel-powered sources.

- **What's Coming?**—Whatever the price problem, the planners see the possibility of a 315-million-lb. expansion. That would exceed the wartime peak.

Major feature of the plan is a Munitions Board program to sell equipment at two World War II aluminum plants (BW-Aug. 19' 50, p28) at Riverbank, Calif., and Burlington, N. J.

- **Here's How**—Two new ingot producers would be created. Apex Smelting Co., Chicago, a scrap smelter, would

buy one potline and rectification equipment for installation near Oklahoma's Grand River Dam. (Potlines use dc power; most generation is ac.)

Harvey Machine Co. of Torrance, Calif., an extruder, would get one line of rectifiers for a new potline near Hungry Horse Dam, in Montana.

Reynolds Metals Co. would get one potline and rectifiers to go into its Jones Mills, Ark., aluminum plant.

Kaiser Chemical & Aluminum Corp. would get two potlines and one set of rectifiers for a plant in Ohio.

- **Still Studying**—All these sales, if made, will increase aluminum production 200-million lb. a year. The sales would require that the equipment be operating within a year. Whether they go through as listed by the Munitions Board is problematical, although the odds favor it. Some operators are reluctant to make the investment in the absence of firm estimates of military demand. And engineering studies still under way last week on at least two of the transfers hadn't O.K.'d them.

- **Massena**—A further expansion—and perhaps the fastest—could come at Massena, N. Y. There, the Aluminum Co. of America operates an old 115-million-lb. plant and is readying a World War II, 120-million-lb. plant. The problem is that Alcoa's Massena power plant won't serve both. Thus the plan has been to shut down the older when the new one starts.

Niagara Mohawk Power Corp., which served the new plant during the war, is prepared to do so again. There could be a real price problem here, but Washington has indicated a solution—government to stockpile, absorbing the cost.

- **More Imports**?—Less likely, perhaps, but a possible source of additional ingot is Canada. We're already importing a few semifabricated shapes (3.7-million lb. in 1949) and a lot of ingot (154.9-million lb. in 1949) from Canada. Canada has a smelting capacity just above 1-billion lb. yearly. It's got power to serve 771-million lb. of that capacity steadily. Power for the remainder is a matter of negotiation. If the ingot were to be imported under a 2¢ tariff, power would have to be really cheap.

Thus if all present expansion possibilities were realized completely, total U. S. supply—domestic and imported—would come to about 1.85-billion lb. It wouldn't all sell for today's market price, but it would sell. Civilian and defense needs could absorb it easily.



High above 5th Avenue **SINCLAIR** *Searches for Oil*



This map room is CHQ in Sinclair's search for oil. It organizes the information Sinclair's top production planners need to direct drilling and exploration.

To the map room come reports from Sinclair scouts and exploration parties. Here is recorded the location of every well ever drilled in America's great oil fields . . . of all Sinclair geophysical and geological surveys . . . and of acreage owned or leased by the Company. Essential facts are plotted by specialists on three wall maps—maps so large that unrolled and placed end to end they would

exceed the length of a football field. Supplementing them is a file of almost 3,000 detailed hand maps.

In the next five years Sinclair will be engaged in an intensive program to increase production of crude oil. The map room will be a particularly busy place during that time—another reason why Sinclair is "A Great Name in Oil."

SINCLAIR—A Great Name in Oil



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**Direct
a curtain of heat
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These gas-fired unit heaters are compact, self-contained heating plants, requiring no expensive duct work. Installation should be easily planned.

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Factory authorized Janitrol gas heating contractors have the widest selection of different types and sizes of unit heaters to meet your exact heating requirements. See them for any heating problems as tough as heating an open loading door area or warming the lower working area of a high-ceiling plant. Performance data from thousands of factory-engineered installations supplement the Janitrol dealer's wide experience in "directing curtains of heat wherever you want it."

With Janitrol you get three pluses . . . modern, long-life equipment . . . fully experienced field service . . . layout consultation with field-trained engineers.

Write for new A.I.A. folder on commercial heating.

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A guaranteed-gate scheme will insure the Los Angeles Rams against loss of gate receipts on televised games. In return for TV rights, Admiral Corp. and Station KNBH in effect guarantee the Rams a season's gate of \$575,000.

Gillette and Mutual copped World Series TV rights again, but had to pay \$600,000 more than last year. In 1949 the contract went for \$200,000.

A private-public power deal with Public Service Co. of Colorado will bring federal power to government customers over private lines. Public Service will be paid a transmission fee varying with the distance it hauls the power. U.S. customers, however, won't pay an extra transmission charge; the government will absorb it.

The big sales-management conference slated for October by Porcelain Enamel Institute was called off. Reason: "The change in the business trend . . . has diverted management's attention from sales to other problems."

The U.S. ordered a freeze on sales of all surplus property pending a new screening.

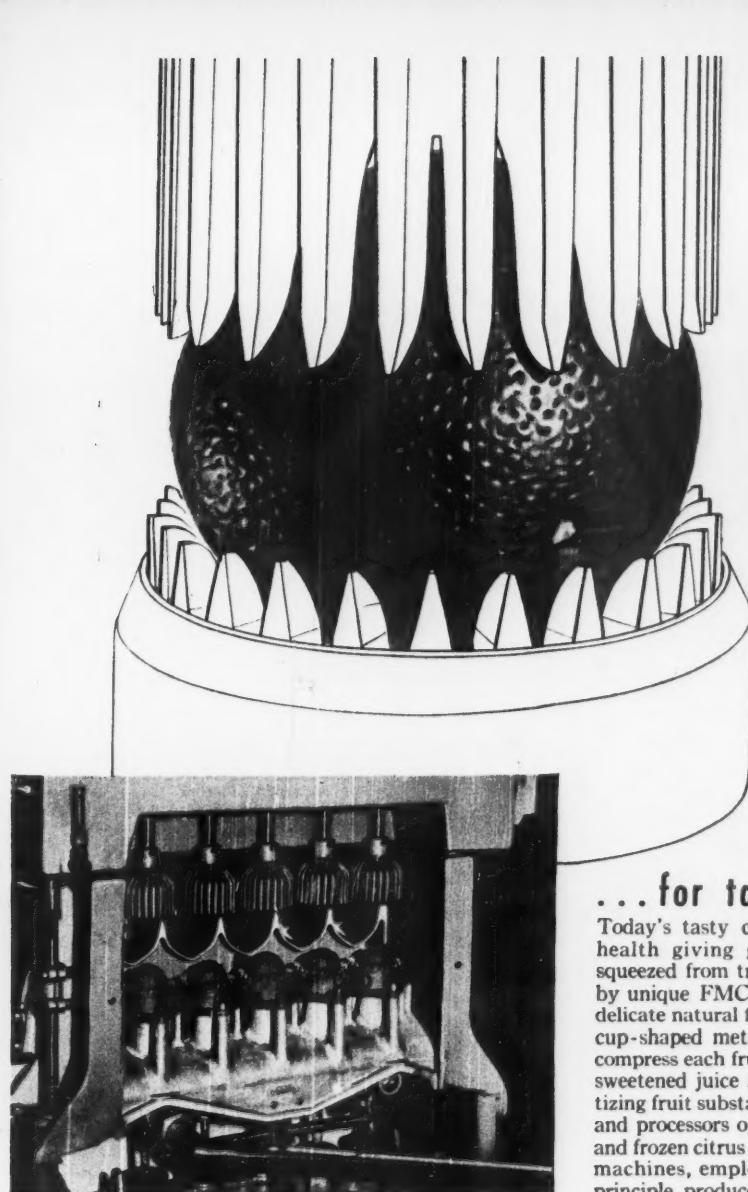
Machine-tool orders in July hit a seven-year high, 253.3 on the trade's index. The tool builders' trade association said the jump stemmed almost entirely from peacetime replacement orders—not war-equipment buying.

The biggest atomic reactor in the U.S. finally started running at Brookhaven National Laboratory. It cost \$25-million and, due to recurring difficulties, took over three years to build. It will be used solely for research.

Rail-diesel plans: Erie earmarked \$11-million to add 57 diesel units to its fleet . . . Southern Pacific said it would buy 46 diesel-electric locomotives to bring its total stock to 489.

Booth & Flinn Co., the Pittsburgh construction firm that built New York's Holland Tunnel, is selling for \$3-million. The company will go on the block to pay inheritance taxes on the estate of the late A. Rex Flinn.

Goldblatt Bros., Chicago department store chain, offered to buy all the leftover goods from the Chicago trade fair (BW-Aug. 19 '50, p93). The chain said it would stage a huge merchandising campaign to move the products, which range from silverware to diesel engines.



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Today's tasty citrus juices, with all of their health giving goodness, are scientifically squeezed from tree-ripened, whole bodied fruit by unique FMC Juice Extractors. To capture delicate natural flavor and freshness, dexterous cup-shaped metal fingers quickly, but gently, compress each fruit, separating clean, pure sun-sweetened juice from pulp and other unappetizing fruit substances. Used by leading canners and processors of fresh or canned citrus juices and frozen citrus juice concentrates, these novel machines, employing a patented extraction principle, produce millions of gallons of luscious high-quality juices to satisfy the nation's favorite daily diet.

Other FMC Division-built products are described in an interesting illustrated booklet "Know your FMC's"—available upon request.



Citrus juice, fresh, canned or in frozen concentrate, is automatically extracted by FMC Juice Extractors capable of squeezing hundreds of fruit per minute.

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FIRE FIGHTING EQUIPMENT
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In addition, Chrysler Fluid Coupling prevents engine stalling, reduces clutch wear, eliminates jolts and gear rattle, simplifies starting from standstill with excessive load, gives gradual oil-smooth acceleration—opens a whole new field of improved operation for gasoline-powered equipment. See your Chrysler Industrial Engine Dealer or write us. *Industrial Engine Division, Chrysler Corporation, Detroit 31, Michigan.*

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A Typical Experience

Five years ago, a Rex Moto-Mixer equipped with Chrysler Industrial Engine and gyrol Fluid Drive was placed in operation by the Tews Lime and Cement Company of Milwaukee. The unit has been operated continuously ever since, with no down time for engine or transmission repair. Other than minor adjustment of carburetor, no servicing has been needed.

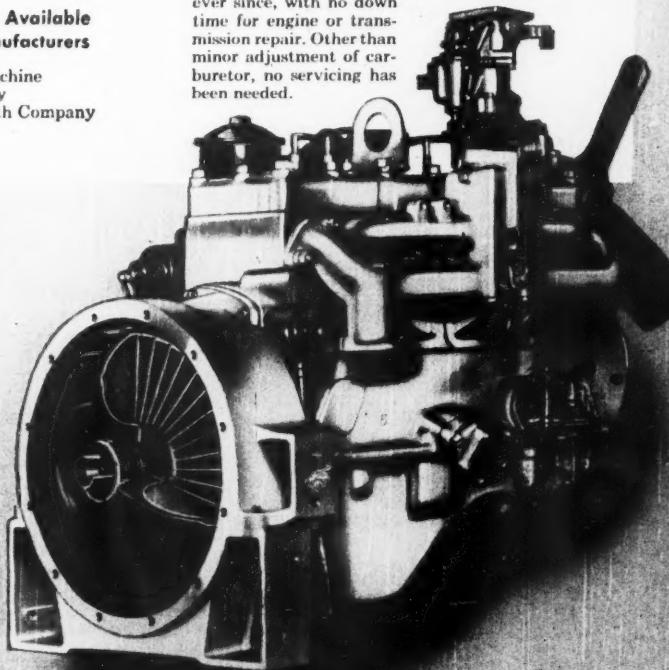
Chrysler gyrol Fluid Drive is built integral with Chrysler Industrial Engines. Its cost is only a few dollars more than the conventional flywheel which it replaces.

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Industrial Engines
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WITH A PEDIGREE



PRODUCTION

It takes seven elements to make armor plate—and four of them may be scarce

Nickel: Steelmakers are buying all they can get. Result: it's already on voluntary allocation.

Chromium: At present, supply exceeds consumption—but we depend almost entirely on imports.

Manganese: The major headache. Russia used to supply it; now it comes from India, Africa, and Brazil.



The other three steelmaking elements—molybdenum, carbon, and silicon are in plentiful supply.

How Scarce Are Materials?

U.S. manufacturers are scratching their heads as all-out defense production looks closer. What will the arms program do to basic industrial materials? Memories are still green of the shortages and makeshifts of World War II. To answer the question, BUSINESS WEEK has surveyed chemicals and alloy metals—without which most factories cannot run. For the moment, chemicals are tight, alloy metals in better shape. But the global war could change that quickly. Encouraging or not, here are the answers.

I. Alloys

U.S. sources and reserves of alloying metals are something to worry about.

Right now steelmakers aren't feeling the pinch. The supply of high-strength, high-temperature alloys exceeds demand by a comfortable margin. But under total mobilization, some alloys for armor plate and gun barrels would come dangerously close to the breaking point.

Here's the present picture of the critical metals:

- Iron. The rich fields in the Lake Superior region are being subjected to a heavy drain. Ore producers are cur-

rently experimenting with techniques to handle low-grade ores. Years from now they will be able to coast along on high-grade deposits from South America, Africa, and Newfoundland.

- Manganese. Since Russia's curtailment of exports, we've depended on Africa for the biggest percentage of imports. India, and a smattering from South America, make up the rest. Domestic production is negligible. We have enough stockpiled for two years.

- Chromium. Russia, once our biggest supplier, embargoed this one too. Our own sources are poor. So we look to Africa, Turkey, and India for imports. The national stockpile is comfortable, but not of the best grade for steel furnaces.

- Nickel. Deposits in North America will see the industry through a high-level defense program. Customers' orders have already gone up. But producers are holding them to allocations. Having depleted open-pit sources in the last war, nickel producers are now developing underground mines. The stockpile is estimated at roughly a year's supply.

- Imports. Vital—The difference between a healthy stockpile and an empty bin hinges on imports of manganese,

there's NO "Vinsol"
in a Mink
Coat*...



* We assume

but in many products where low cost and quality must be combined, you're likely to find versatile Vinsol® resin. Can it save money on raw materials for you?

at three to $3\frac{1}{2}$ ¢ per lb. currently, Hercules "Vinsol" means real resin economy. Thermoplastic, dark-colored, high-melting, it cuts costs, improves performance, of adhesives, cement, emulsions, electrical insulation, ink, leather, linoleum, paints, plastics, paper, phonograph records.

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CORRECTED VISION
CAN MAKE
THE WORK
LOOK LIKE THIS

As the shop worker becomes older, more experienced, MORE VALUABLE, his need for correction of vision becomes annually more necessary. Under 20 only 23% have defective vision — in the 40 to 50 year group, 71% are affected.

AO case histories show that (1) accidents and their costs have been

reduced as much as 74% with an adequate correction-protection program (2) production increases of 1% to 37% and spoilage savings of 11% or better are possible. The complete documented story is contained in AO's free booklet, "IMPROVED INDUSTRIAL VISION." Write for it. Address Dept. CP-B8.

American Optical
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chrome, and later on, iron ore. Our main sources for high-grade ores are Africa, India, Turkey, and South America. Imports since the war have been adequate. But transportation in Indian and African fields is currently hampered by traffic jams at rail centers. U. S. customers are unsnarling the tangle with shipments of engines, rolling stock, and rails to the ore producers.

In a global war, shipping would be the weak link. During the last war, in the Caribbean, submarines took a heavy toll of ore boats from South American bauxite ports. And American aluminum producers felt the pinch.

• **Three-Way Approach**—Government agencies and steel producers are trying a three-way approach to the problem: development of more foreign and domestic ore fields, building up a national stockpile, and refining low-grade ores and byproduct slags. For further conservation, government and industry could always turn to National Emergency alloys as in the last war.

• **New Fields**—The development of ore fields is already well under way. But it's a long-term project. It won't be an 11th-hour lifesaver if the big shooting starts tomorrow. Manganese production in Brazil won't reach its stride until bigger fields are mined. Canadian nickel mines—the biggest producers—have not reached capacity. If they do, and this is not enough, Cuba and New Caledonia are alternatives.

• **Stockpiles**—The exact size of strategic stockpiles is kept under wraps. But our national reserves have suffered since the government began stockpiling in 1939. In the past 10 years, the war and its consequent boom have kept steel production high. Producers have bought up most of the best alloying metals, leaving little for stockpiling.

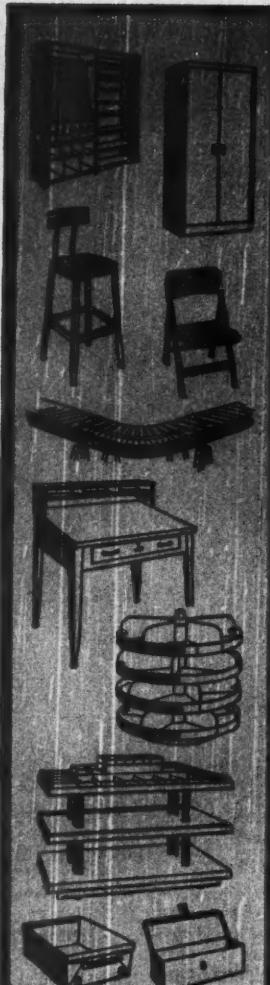
The government didn't want to go on the market as a competitive buyer; with the government bidding too, prices could have gone up and up.

• **Ore Extraction**—Finding ways to extract the alloys from low-grade ores will take time and money. Manganese, for one, is getting a tryout by the Bureau of Mines. One method processes ore in a blast furnace similar to the type used for making pig iron.

Still another pilot-plant treats slag residues from basic open-hearth furnaces.

Although the process would probably double the price of manganese, steel producers are already separating the basic slags from others on their dumps. Theoretically, there's enough manganese in these slag piles to make up for Russia's embargo, and to make the U. S. 50% self-sufficient.

• **Lean Alloys**—During the last war, steelmakers turned out metal-saving lean alloys, called N. E. steels, developed cooperatively by the producers, the



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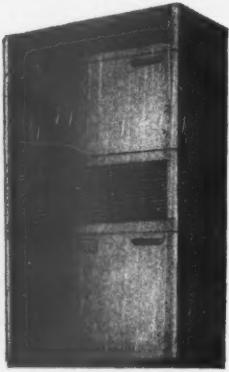
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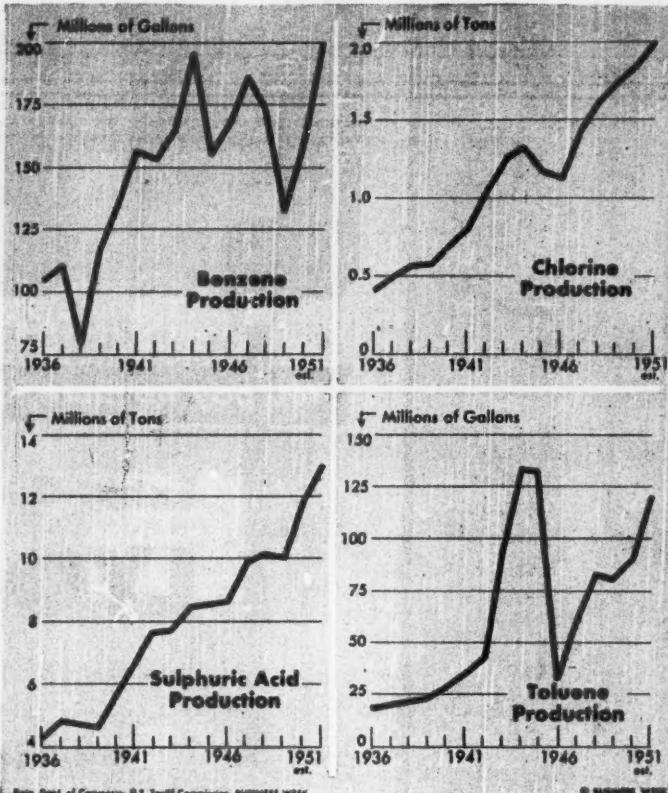
zone balanced-engineered

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Air Conditioning and Refrigeration

Society of Automotive Engineers, and the War Production Board. N. E. steels went into parts and equipment that didn't call for the high strength, and heat resistance of the richer alloys.

To date there is no setup in govern-

ment or industry that could bring the N. E. steel program back to life immediately. But it's a sure bet that steel producers will switch to the lean alloys again if they're faced with an all-out defense program.



II. Chemicals

If you are a user of chemicals, get ready to tighten your belt. For the chemical supply situation is rough.

Most recent example: Last week big industrial alcohol producers were allocating their products to their steady customers only. Allocation is a foregone conclusion sooner or later for most industrial chemicals, even though the chemical industry broke all records for activity early this year. Even record-breaking production just isn't going to be enough if war demands spur food processors, explosives makers, oil refiners, textile processors and other chemical-users to feverish production.

I. Benzene

Supplies of benzene are already tight. Supply of benzene for fuel is dropping to meet the tremendous demand for

industrial grades. In all out war production, increased use of benzene for aviation gas and synthetic rubber would mean heavy cuts in civilian uses. This would affect a very wide range of industries, notably plastics, chemicals, dyes, and textiles.

Peak postwar production of benzene was 170-million gal. Most of this was made from coal, the rest from petroleum. Recent output has been split up as follows among major users:

- Styrene, 51-million gal. This is used largely as a base material for synthetic plastics and rubber. Stepped-up military use would hit many civilian industries.

- Phenol, 36-million gal. Civilian cuts would hit chiefly at resins, plastics and chemicals.

- Nylon, 20-million gal. Nylon reduction would affect much more than



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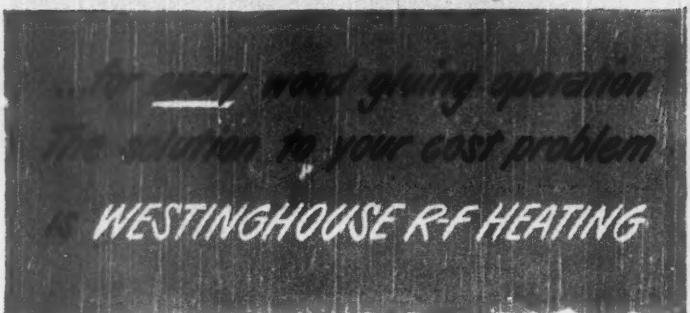
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milady's stockings. Nylon is also needed for plastics, woven goods, high-strength cord.

- **Additional Supplies**—About 25-million gal. more benzene could be produced in hydroformers—which process petroleum into chemicals—but only at the expense of war-needed toluene and high octane production.

Moreover, hydroformers are expensive. Benzene produced by them would cost some 40¢ a gal. Individual firms hesitate to make the big investment unless assured of long-term contracts at adequate prices. The first hydroformer was built in 1941. Only seven have been built since.

In hydroformer production, Pan-American Oil Co. is now selling between 3-million and 5-million gal. of benzene a year. Shell Oil Co.'s California plant is also making benzene. In a major war effort, look for at least a doubling of synthetic output.

II. Chlorine

Supply of chlorine is extremely short, with very high demand. This despite the fact that production records are being broken regularly. In April, we produced almost 170,000 tons.

Present chlorine production is split: 22% for bleaching and water treatment; 78% for chemicals, largely as a building block for other materials. Present users are certain to face a war-effort cutback, even if production is increased.

The current shortage is largely due to strikes against Solvay and Diamond Alkali, large alkali producers.

Over-all chlorine production was doubled during World War II, and producers were worried about selling it in 1945. Instead, production rose another 20% by 1950 and the demand is still not satisfied.

III. Nitric Acid

Nitric acid is another chemical that would feel sharply any strong war effort. In peacetime, about 70% of the supply is used in ammonium nitrate for fertilizers. In wartime, nitric acid is vital for explosives.

Present annual production of nitric acid is 1.4-million tons a year—well below the 1.8-million tons needed for full operation of existing explosives facilities. Use of idle nitric acid capacity would probably enable us to meet pressing defense needs. But non-essential users would be hard hit.

IV. Phosphorus

Phosphorus is vital for wartime chemicals. In 1944, for example, direct military uses took 32,000 short tons out of 89,000 tons allocated.

That means that civilian users would

A COOL-HEADED ANSWER TO FIVE "BURNING" QUESTIONS

If your business were burned out tomorrow, statistics show that you would have only a 2-out-of-5 chance to resume operations.

Tragic losses prove time and again that businessmen place too much reliance upon seemingly adequate insurance, or upon "fireproof" construction . . . whereas the very life of their business may hinge on positive fire protection, such as Grinnell Automatic Sprinklers. If you'd rather be safe than lucky, consider these questions:



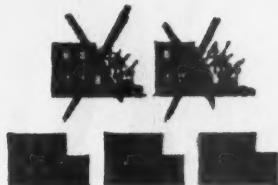
Q1. THE QUESTION OF "FIREPROOF" BUILDINGS—
All too often "fireproof" buildings merely serve as stoves for flammable contents. *Are your buildings and contents equally protected?*



Q2. THE QUESTION OF LOST RECORDS— When burned up they can never be replaced. *Could you operate without them?*



Q3. THE QUESTION OF REBUILDING COSTS—
Seldom are these adequately covered by insurance indemnity today. *Could you afford to rebuild?*



Q4. THE QUESTION OF RESUMING BUSINESS— Forty percent of the businesses burned out by fire never reopen. *What are your chances?*



Q5. THE QUESTION OF THE BEST FIRE PROTECTION— Fire Experts will tell you that the best is automatic sprinkler protection. *Will you take their advice and be 100% safe?*

THE ANSWER: GRINNELL AUTOMATIC SPRINKLER SYSTEMS prevent loss of life and property by checking fire at its source, whenever and wherever it strikes, with automatic certainty. For more than seventy years, practically 100% of fires starting in Grinnell-protected buildings have been extinguished before doing material damage. Furthermore, reductions in insurance premiums frequently

pay for Grinnell Protection in a relatively few years . . . so if you're insured you're paying for Grinnell Protection anyway. *Why not have it?*



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Where your operations require accurate, low-pressure heating in the 300-750° F. range use Dowtherm—the efficient Dow heat transfer medium!

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be sharply affected. Industries to be hit would include plastics, detergents, petroleum refining, fire retardant paints, food, and fertilizer.

Since the war, growing industrial needs have brought a substantial increase in phosphorus production. All major producers have increased capacity and are building still more furnaces. Industry estimates say that private capacity will be well over 100,000 tons a year when present expansion is completed. In 1946, it was only 60,200 tons.

In addition to private production, TVA has increased its capacity beyond the old 32,000-ton level. Allocated directly to military uses, this will relieve much of the strain on civilian supply.

V. Toluene

Although TNT is the first thing that comes to mind in any discussion of toluene in wartime, it has other essential uses. Chief of these is aviation gasoline. A wartime pinch would thus affect civil aviation, along with producers of protective coatings and solvents. The last two got only 3% of the available supply in 1944.

Peak production of toluene in World War II reached 200-million gal.—eight times the prewar level. Aviation gasoline took 33-million gal. of this. Just before Korea, production had eased off to 54-million gal. About half of this was supplied as a byproduct of coal—the traditional source. The rest came from petroleum refiners.

During the war, petroleum had supplied three-quarters of production. In the present emergency, the refiners will probably up their share again.

VI. Caustic Soda

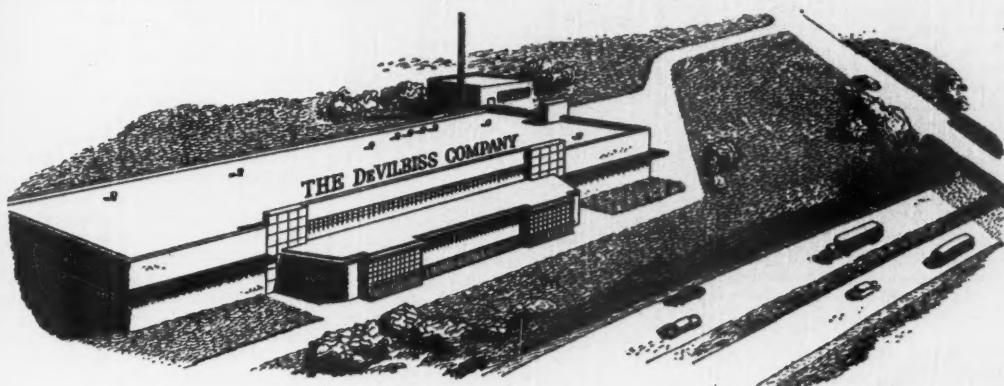
Caustic soda and other alkalis were back in a sellers' market even before the Korean crisis. However, the situation is caused primarily by the Solvay strike and is temporary. Once the strike is ended, supplies will probably be ample for the chief civilian users. It would take a big mobilization demand to upset this balance for textiles, petroleum refining, soaps and cleaners. Meanwhile, both the Federal Conciliation Service and the Army are trying to bring an end to the Solvay strike, now entering its 11th week.

VII. Soda-Ash

Labor troubles have caused a tight supply of soda-ash, as well as caustic and chlorine. Strikes at Solvay and Diamond Alkali have cut soda-ash production to half of capacity.

The shortage seems purely temporary. Normal capacity is close to 5.6-million tons. Peak demand in the past was

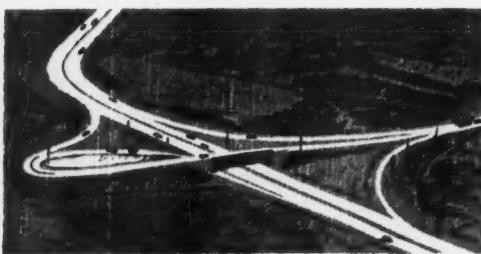
DeVilbiss locates factory along Pennsylvania's Famous Turnpike



*A plant in the "roof garden" of Pennsylvania
with a show window
on the World's No. 1 Traffic Artery*

The DeVilbiss Company, with headquarters in Toledo, is beginning the construction of a new plant at Somerset, Pa., for some of its manufacturing operations. That site was chosen:

1. Because traffic from all over the nation funnels through the Turnpike and the company's plant will be like a giant billboard on a heavy traffic artery visible to millions.
 2. Because the company finds fine labor here and fine small-town living conditions in the beautiful Pennsylvania mountains.



The Pennsylvania Turnpike, greatest all-weather, non-stop super-highway in the nation, and an economical express route for Pennsylvania manufacturers, is being extended 100 miles east and 60 miles west to the state's borders, and "spurs" will reach other areas in the state.

3. Because this Pennsylvania location is in the center of the sources of supply for glass, metals and other raw materials needed for the atomizers, sprays, vaporizers and other products DeVilbiss makes.

Howard P. DeVilbiss, the president, said: "The nearness to major markets and the excellent transportation facilities at our new plant at Somerset are expected to improve the company's competitive position by permitting more rapid and economical distribution."

If you would like a location along the Pennsylvania Turnpike . . . or if you would like to find a suitable plant or plant site in some other desirable Pennsylvania location . . . the Pennsylvania State Department of Commerce will be glad to work with you . . . in confidence . . . to give you all the data on sites, labor supplies, raw materials, markets, transportation, taxes, living conditions, etc.

Commonwealth of
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Department of Commerce, Harrisburg, Pa.

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PENNSYLVANIA WEEK OCTOBER 16-23**

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New machines that move air and heat air are at work for industry, anywhere, anytime they're needed, because they are portable. Protecting a crop in a greenhouse when heating equipment breaks down, blowing fumes away from a workman at a forge, making concrete dry out and keeping workmen warm on construction jobs are just a few of the jobs Herman Nelson Portable Heaters and Ventilators are doing. There are many more. Such equipment is a specialized line with the Herman Nelson Division of American Air Filter Company, Inc.

Good Business Bet. It can cost a business man several thousand dollars to find out he needs the insurance of "heat on wheels". When winter months bring freezing damage it's too late to plan prevention. Think right now what winter hazards you must face. Write to us, outline the problem. We'll tell you which portable product can most economically meet your needs.

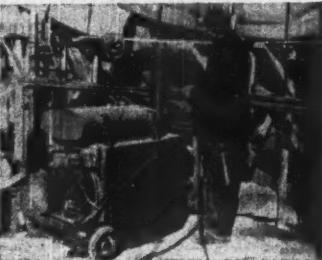


Wheels on a hot cargo

That's how it happened with the airlines. They wanted a cargo of heat to warm planes before take-off—needed the same heater to raise temperatures in frigid hangars and to thaw out idle motors. There's a Herman Nelson Portable Heater that serves the airlines and our nation's air force, heats quickly, safely with ordinary gasoline.

No Fire or Fume Hazard with these Portable Heaters that can fill a whole box car with fresh, warm air in a matter of minutes, protect many dollars worth of perishable shipments. Used in confined areas like a warehouse or a remote part of a factory, they can function day and night without fire hazard or discharge of lethal fumes. Workmen are more efficient, don't stand around a belching salamander, don't get groggy from unsafe heaters that fill the air with dangerous fumes.

This cost-cutting Portable Heater and Ventilator equipment is helping contractors work through winter months, helping to dry out and ventilate underground spaces where working conditions are such that work goes slowly. It is being adapted to problems in wonderful new ways in many kinds of industry.



Heat's at work 24 hours

If You Are a Manufacturer's Agent you may wish to represent Herman Nelson Division of American Air Filter Co., Inc. Many lucrative territories are still open even though dealers are appointed and serving industry from coast to coast. Your outlets are established. Herman Nelson Portable Ventilators are being moved into places to cool and ventilate tunnels, manholes, ship holds, engine rooms, storage tanks, tents, temporary buildings, storage barns, take fumes



Movable air movers

out of buildings while fire fighters work, clear the air where there's heavy welding, sandblasting, cement batching and spray painting. Portable Heaters are used for drying, thawing, preheating, spot heating and space heating. In fact, we say to the business man who ships, builds or produces . . .

Would You Make a Bet? We'll wager that if you'll look at the functions of your business, weigh the hazards of cold and lack of ventilation, you'll find a profitable return from the use of Herman Nelson Portable Heating and Ventilating Units. When you've made this rapid survey, write to us.



HERMAN NELSON DIVISION

AMERICAN AIR FILTER CO., INC.
MOLINE, ILLINOIS

5-million tons a year, and in 1949 this shrank to 4.1-million. Supplies for the glass industry, metals producers, pulp and paper mills should be ample once the strikes are settled.

VIII. Sulphuric Acid

Sulphuric acid production is pushing up close to the nation's estimated capacity of 13-million tons. Production in May equalled an annual rate of 12.3-million tons in civilian plants, and an undisclosed production by the government.

Of the wartime production, 14% went directly to military use. However, chief civilian users were vital to the war effort. Major consumers were petroleum refining, chemicals, fertilizers, iron and steel, paints and pigments, coal products, and metallurgical uses. Of these, fertilizers would be the first to feel a wartime pinch.

With supply and demand already in tight balance, it seems certain that there will have to be an expansion of capacity to meet war needs. Since it is uneconomic to move sulphuric acid for great distances, this will probably mean construction of new plants strategically close to major users. At the same time, nonessential users—most of whom parallel war production—will most likely go on short rations.

Buick Offers New Glass To Cut Glare and Heat

For \$45, Buick Motor Co. will solve some of your sun-glare and upholstery weathering problems. Buick is now offering, as optional equipment on its Super and Roadmaster series, a new kind of safety glass.

According to the company, the new glass cuts down glare and reduces the amount of heat which enters through car windows. The glass, which has a slightly bluish-green tint, is called E-Z-Eye. In the windshield, the glass is shaded green at the top, and the shading gradually hazes out, with no sharp line where the shading begins. This is said to relieve eye strain caused by muscular reaction as the eyes cross such lines. The new windshield makes sun-visors unnecessary. And unlike a sunvisor, the shaded area doesn't cut the area of vision.

• **Easier at Night**—Another advantage, according to Buick engineers, is that the new windshield makes driving easier at night. It also reduces glare from snow.

Both window and windshield glass contain an iron compound, which, according to reports, excludes about half the radiant heat that penetrates ordinary plate. Thus upholstery gets a bet-

ter break. So do the passengers: It is much cooler in a closed car equipped with the new type of glass. The glass, which is available only on the two Buick series, is above the minimum visibility requirements as established by the American Standards Assn. for automobile glass. Libbey-Owens-Ford Glass Co., Toledo, makes the glass.

• **State Regulations**—In promoting the new idea, Buick is finding some roadblocks. Some states have restrictions on the kind of glass you can use in a car. These, for the most part, aren't formalized. They consist of approval or disapproval by certain officials. So far, Buick has 32 states approving the idea. Quick O.K.s are expected from most of the others.

Suppose you register a car with the tinted glass in a state where the glass is legal. You can then drive it into states where the glass is not permitted. The police will not bother you. However, you cannot register the car in a state where the glass is not allowed.

FILM CUTS SURFACE WEAR

Reduced friction and wear of plastics, metal, rubber, and ceramic surfaces can be obtained with an impregnation process offered by the Metal Finishing Division of Pyrene Mfg. Co., Newark, N. J. The process provides a solid or "dry" film of graphite on the surface of the material. The film reportedly is retained throughout wide variations in temperature, and is unaffected by exposure to solvents or weathering.

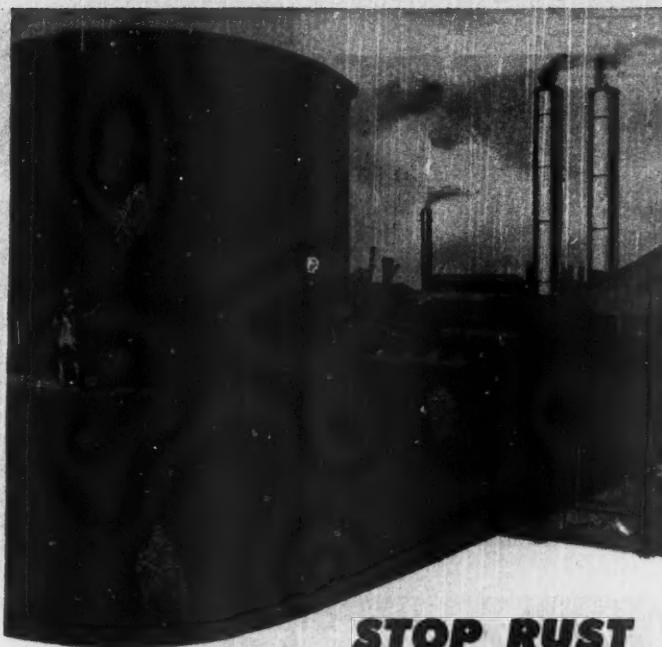
The Electrofilm Graphite Processes were invented by the Electrofilm Corp., Calif. So far, the processes have been successful in internal combustion engines, clutches, brakes, and gearing.

Pyrene will handle business along the eastern seaboard from Maine to Virginia. Work will be done on a job basis at the Pyrene plant, or if volume warrants, Pyrene will license the use of the process and furnish technical advisory help.

100% PURE ETHYL ALCOHOL

A new plant at Ciudad Trujillo, Dominican Republic, is now making 100% ethyl alcohol from molasses. The plant, Destileria Universal, has a rated production of 7,200 gal. per day, or 2.5-million gal. per year from 6.5-million gal. of blackstrap molasses (sugar-cane refining residue). The plant, in its test runs, hit 25% over capacity.

The plant was engineered by Kohn & Pechenick, Brooklyn, N. Y., with R. S. Aries & Associates, New York, as consultants. Its output will be used for blending with gasoline of which about 15-million gal. a year are consumed in the Republic.



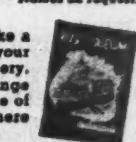
STOP RUST with RUST-OLEUM

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Rust-Oleum can be applied without extensive preparation . . . even over surfaces that are already rusted. Rust-Oleum spreads evenly . . . free of brush marks.

If you have a rust problem, and would like a free survey and recommendations, send your name and address on your business stationery. A qualified factory representative will arrange this free service, which includes a trial size of Rust-Oleum for specific test purposes. There is no obligation on your part. Write today.

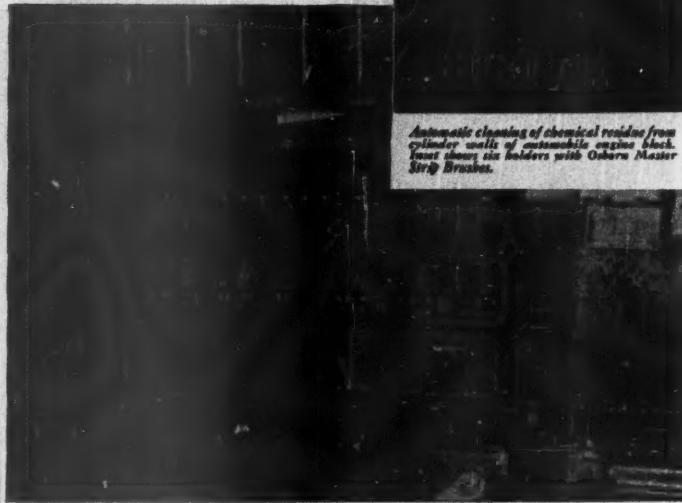


RUST-OLEUM CORPORATION

2422 Oakton Street

• Evanston, Illinois

PRODUCTION BRIEFS



Inside Story: How Osborn brushing adds miles to motorblocks

WITHIN the walls of each engine block are many secrets of modern motor car performance. Of these, surface finish plays a major role for extending operating efficiency...for prolonging engine life.

When it comes to cutting wear and corrosion, complete freedom from metallic burrs and residue is all important. To achieve this result at low cost, a leading car manufacturer is automatically brushing away burrs, chemical residue and other foreign matter from cylinder walls after a special metal treatment to increase wear resisting qualities.

Osborn Masters® Strip Brushes are mounted on each of 6 holders of the multiple head vertical boring machine, shown above. After loading the engine block, the machine cycle is started and all 6 cylinder walls are cleaned simultaneously...in only 30 seconds.

Whether your problem of cleaning, finishing or polishing of parts involves simple shapes or more complicated designs, it is likely that an

OBA (Osborn Brushing Analysis) can demonstrate how your work can be done better, faster and at low cost by Osborn Power Brushing. The services of the Osborn Brushing Analyst, backed by Osborn's extensive technical facilities, are yours for the asking. Let us demonstrate how you too can profit by new Osborn techniques. Write today for an OBA. The Osborn Manufacturing Company, Dept. 315, 5401 Hamilton Avenue, Cleveland 14, Ohio.

YOU CAN IMPROVE FINISH AND CUT COSTS BY BRUSHING



LOOK FOR THE NAME



RECOGNIZED EVERYWHERE FOR
THOROUGH APPLICATION ENGINEERING

Koppers copped a contract from Weirton Steel to build a coal-storage and reclaiming system at the steel company's Weirton (W. Va.) coke plant. The new equipment will boost storage capacity at the plant to 250,000 tons of coal. Completion date: May 1, 1951.

Air pollution will be studied by a new committee of the American Society for Testing Materials. The group will work toward developing standard tests and analytical methods for dealing with pollution problems.

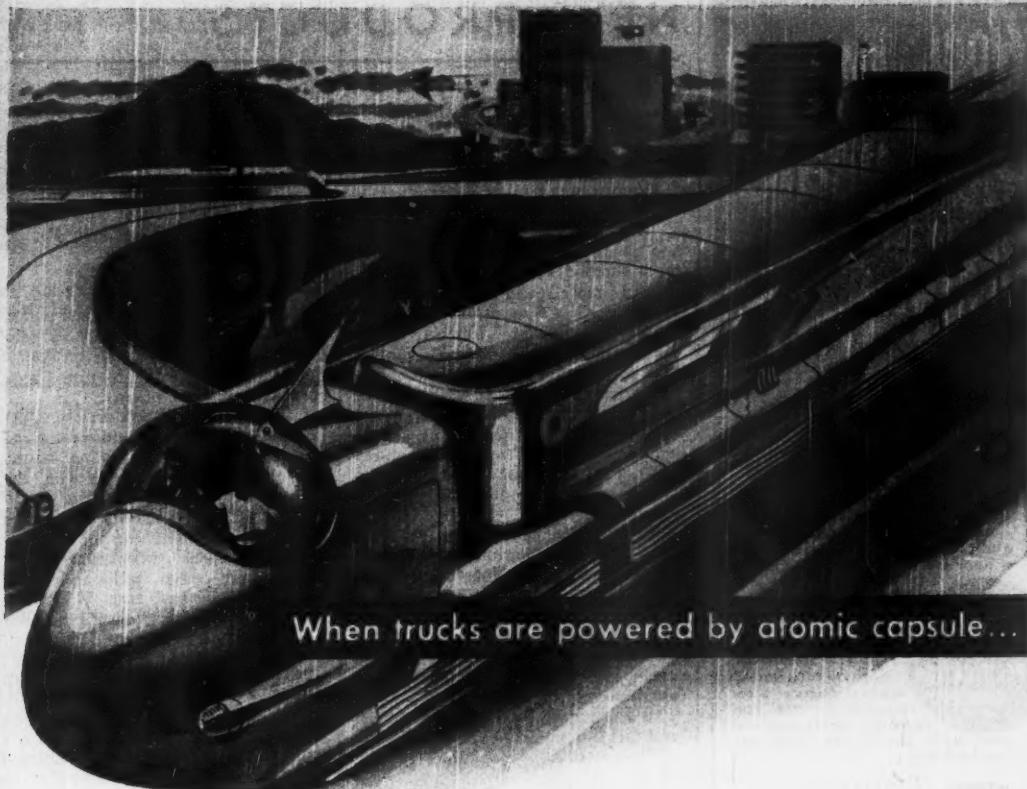
Water stretches steel: National Tube Co. at McKeesport, Pa., uses water pressure to stretch the diameter of steel tubes by as much as $\frac{1}{2}$ in. The company puts a die around the tube, plugs the tube ends and forces in water under pressure as high as 3,000 psi. The pressure expands the pipe to the exact outside diameter required by the customer.

New plants: Deepfreeze Appliance Division, Motor Products Corp., started work on a refrigerator plant west of Lake Bluff, Ill. Cost, including tooling: \$3-million to \$5-million...At Long Beach, Calif., Monsanto dedicated the first styrene-plastics plant west of the Mississippi....Dow will add to polystyrene output with a factory at New London, Conn. . . Union Carbide & Carbon will build at Sault Ste. Marie, Mich., to produce electrolytic chromium.

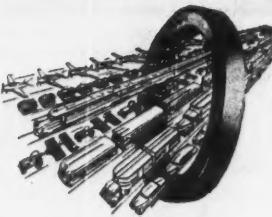
Canton Co. is spending \$1-million to increase facilities for handling imported iron ore in Baltimore harbor. The company plans a new conveyor system, plus improvements of existing unloading equipment. Canton R. R., controlled by the company, will expand its Baltimore yards.

Teflon, Du Pont's tetrafluorethylene resin, is being turned out in a new unit of du Pont's plant at Parkersburg, W. Va. This chemical-resistant industrial plastic used to be made in smaller quantities at du Pont's Arlington (N. J.) unit. Plans are in the works to produce it as a suspension as well as in granular form.

Stop worrying about radiation poisoning. With a wrist-watch-type gadget developed by a couple of California Tech physicists, you will be able to tell immediately if you have absorbed enough radiation to kill you, says Consolidated Engineering Corp., Pasadena, Calif. It will sell for around \$15.



When trucks are powered by atomic capsule...



**WHEN YOU HAVE YOUR CAR
REPAIRED INSIST ON
GENUINE PARTS**

Experience proves that it is almost impossible to remove an oil seal without damaging it. That's why manufacturers recommend installing a new oil seal every time one is removed. It costs just a few cents to give this vital protection to expensive equipment. Always use genuine parts. They are made especially for the job.

**National Oil Seals
will protect the bearings**

Rockets zooming from planet to planet! Trucks powered by atomic capsules! Automobiles "cruising" at 200 m.p.h.!

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You can be sure that National Oil Seal engineers will not be caught napping. Already they are researching and testing oil seals to match the imagination and daring of the most forward-thinking designers.

Because of this "years-ahead" research, National Oil Seals give "years-ahead" performance in your products of today.

We welcome tough sealing problems. May we help with yours?

Original equipment for all cars, trucks, busses,
tractors—in fact, wherever shafts turn

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Second Office: Redwood City, California
Plano, Dallas, City, Calif.; Houston, Tex.
Orange County, Calif.; New York, N.Y.



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...and a complete new line of quality floor materials for every kind of floor and every desired result!

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NEW LINE OF FLOOR MATERIAL American's new complete line gives you the correct material—in the finest quality—for each type of floor. Seals, finishes, waxes and cleaners for every requirement—glossy or satin—fast-drying or normal drying—right for long life and easy maintenance!

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AMERICAN
FLOOR SURFACING
MACHINE CO.

NEW PRODUCTS

Two Kinds of Nylon For Silky Stockings

Women may soon be wearing nylons that feel, as well as look, like silk. Hans C. Bick, Inc., manufacturing chemist and commercial fabric finisher, has hit on a method of treating nylon with nylon to make stockings more comfortable. S. Klein's department store in New York sold out 7,200 pairs of its first order. It has ordered another 60,000.

"Nylonized" fabrics worn in the summer absorb perspiration quickly, yet dry as fast as old-style nylons. Come winter, "Nylonized" nylons are warmer. Bonded into the fabric during the curing process, the finish won't wash out or wear off.

Type 8 nylon, used in the new method, absorbs moisture fast, but can't be spun into yarn. Nonabsorbent textile nylon, though, can be spun into yarn. Bick's vice-president, Robert S. Horn, took Type 8, a dry powdery material resembling corn meal, and made an emulsion. He bonded this emulsion to the textile nylon fiber. This finishing method seals the stitches and helps provide better distribution and evaporation of moisture.

Bick will either process fabrics or sell Type 8 nylon compound to other manufacturers for processing. So far, Bick treats stockings only. Later it hopes to finish nylon fabrics for girdles, swim suits, shirts, blouses, and lingerie.

• Source: Hans C. Bick, Inc., 13th & Muhlenberg Streets, Reading, Pa.

IRON PRESSES RUFFLES

It's painful pressing ruffles and puffed sleeves with a flat iron. As an antidote, Frank Meier, Inc., has an electric iron designed specially to press laces, curtains, and fancy blouses.

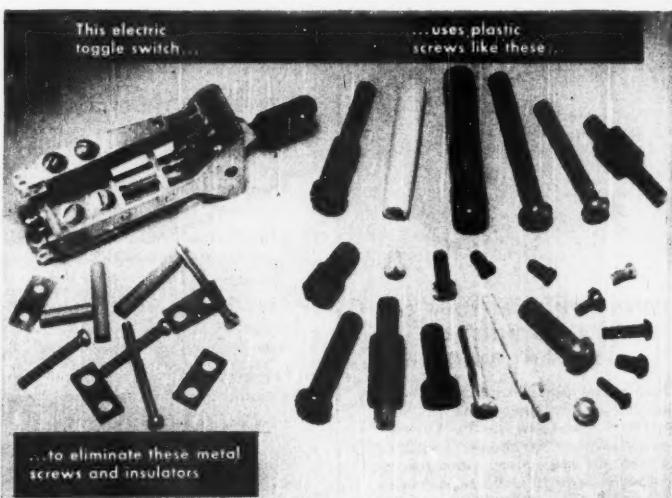
Called the Pleat-Rite Stover Iron, the iron clamps to any conventional ironing board. The housewife moves fabrics over the iron, instead of moving the iron over the fabrics. An egg-shaped aluminum "head" that stands about a foot above the board does all the ironing. A tiny "beak" presses small ruffles.

The iron comes with a five-way thermostatic control, costs \$19.95.

• Source: Frank Meier, Inc., P. O. Box 934, Menlo Park, Calif.

HULA SHAKE COOLS 'EM OFF

Hula-hulas can be useful as well as eye-catching. Hawaiian Pineapple Co.'s "Hula Cooler" shakes water-sprayed



Plastic Coating Insulates Screws

Plastic-metal screws made by Forman Insulating Screw Corp., 401 Broadway, New York 13, are already insulated for electrical connections. Full-length metal core

carries the torque applied by a screwdriver. Different colored plastics can be used to simplify production coding. FISC has standard screw sizes, also takes special orders.

cans of hot fruit, cools them down from 185°F to 95°F in 5 min. The shake-down eliminates 18 to 48 hours of natural cooling that slows up labeling and packaging.

Hawaiian's process is simple. A conveyor belt carries the cans up a slope. As they move up, water from the top of the conveyor knocks them backwards, just enough to jolt them back over offset rubber cleats. The shakeup jostles the contents of the cans, cools them thoroughly.

HPC owns a patent on the "Hula," but other fruit canners are bidding for rights to use it.

• Source: Hawaiian Pineapple Co., Ltd., San Francisco, Calif., or Honolulu.

NEW PRODUCTS BRIEFS

Tractor turnovers are less likely if a Rol-Gard switch is used. The switch automatically cuts off the ignition when a tractor starts to roll or tip. It's made by Rol-Gard Corp., P.O. Box 1687, Fargo, N. D.

A split-bladed screwdriver wedges into screw heads, holding screws tight to the blade. The screwdriver comes in 12 sizes. The manufacturer is Kedman Co., 233 S. 5th West, Salt Lake City 1, Utah.

A plastic floor finish for recreational rooms is supposed to be abrasion-resistant, durable, and easy to clean. It's made by Plastic Products Co., Ottawa, Ohio.

A sheet-steel marker, made by Pannier Corp., 803 Pannier Bldg., Pittsburgh 12, stamps ingot, cut, heat, and weight numbers or letters on sheet steel while the steel is being coiled.

A glass-fiber tube and pipe material, known as Glasweld, can replace steel and other critical metals in many commercial applications, according to its designer, U.S. Plywood Corp., 55 W. 44th St., New York 18.

An aluminum clip board, made by Dura-Clip Co., Inc., 3932 Frankfort Ave., Louisville 7, Ky., weighs 4-lb., has a 9½-in. by 12½-in. writing surface, and retails for \$1.25.

Telephone pole decay at and below ground level can be measured by a pole tester, developed by Washington State College for Washington Water Power Co., Spokane.

A 16-in. TV picture tube, made by General Electric's Tube Division has an aluminum-backed screen designed to sharpen picture reception.



Talk to any of Signode's 30,000 customers. Among them you'll find many of the biggest shippers in the country...steel mills, automotive parts manufacturers, lumbermen, chemical processors, textile plants . . . companies that ship in boxes, bundles, crates and carloads. Talk to any one or all of them and they'll tell you that Signode steel strapping not only provides complete shipment protection, but actually saves more than it costs . . . in time, materials, and reduced damage claims.

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Offices in all principal cities in the U. S. A.
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READERS REPORT:

Wry Whiskey

Sirs:

Somewhere in your editorial department sits a perfectionist who must needs be still scratching himself with joy over the juicy target offered his pencil in your recent issue [BW-Jul. 22'50,p24].

The sentence reads: "Since retailers are overbuying imported whisky, they are likely to underbuy domestic whisky."

No one but a loving copy-reader could have poured that double shot of whisky-whiskey. What a gleam must have lit in his eye when that rare sentence came within its focus! What a delight must have warmed his belly when he corrected the error unquestionably perpetrated by the unlearned author!

What a triumph in shouting down the writer, in riding herd on the printer, in tucking the happy little phrase safely into type and then seeing his wisdom confirmed in endless numbers of labels across the mahogany at Joe's on the way home!

Please congratulate my nameless hero on his good fortune in finding such a plum and his good work in plucking it. If I ever get the opportunity, I shall be glad to buy him a drink—of whisky or whiskey, as the case may be.

RICHARD J. O'DONNELL
KETCHUM, MACLEOD, & GROVE, INC.,
PITTSBURGH, PA.

• BUSINESS WEEK's most pedantic copy-reader has experienced two pieces of good fortune in 1950: a double shot of whisky-whiskey, and the discovery of a kindred soul.

Union Demands in Canada

Sirs:

Your article "New Pension Law for Canada?" [BW—Aug. 5'50,p80] says "Union demands to the Canadian Government have been uniform: A flat \$40 a month beginning at age 65, with no means test." This is grossly erroneous. No union organization proposed \$40 a month at age 65, and the last word that can be applied to Canadian union demands on this subject is "uniform." The Trades and Labour Congress (Canadian AFL) asked for a pension of \$60 at age 65 for men and \$60 for women, with no means test. The Canadian Congress of Labour (Canadian CIO) asked for \$550 at age 65, with no means test. The Catholic Workers' Confederation of Canada asked for \$550 at age 65 for men and \$60 for women.

EUGENE FORSEY

CANADIAN CONGRESS OF LABOUR,
OTTAWA, CANADA



"Listen, Bright-Eyes, when you cased dis joint
didn't you see dat sign?"

IT'S A MISTAKE—for would-be intruders or plant executives—to overlook Cyclone Chain Link Fence. For Cyclone gives plants the most effective fence protection it's possible to purchase.

Cyclone's protection is lasting, too. It's the result of ingenious design, rugged construction and strict installation standards. Cyclone Fence stands up under the severest conditions of weather and terrain, giving years of trouble-free service.

With Cyclone, for example, top-rails won't bend or break, gates won't drag, posts won't get out of alignment. And the zinc coating, applied after weaving, is thicker, thus giving twice the protection against rust that you obtain from ordinary galvanizing.

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Please mail me, without obligation, a copy of "Your Fence."

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City.....

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Interested in fencing: Industrial: School: Playground:
 Residence. Approximately.....feet.



UNITED STATES STEEL



DOROTHY KILGALLEN says:

"For business
or pleasure...
I fly
DC-6!"

Dorothy Kilgallen, world traveler, star of television and radio, and Broadway columnist, makes frequent trips by air. "I've found," she says, "that no modern transport compares with the wonderful Douglas DC-6—it's so very comfortable and always seems to get there on schedule!"

**People who travel
often by air
name the swift,
dependable DC-6 as
their favorite airplane***

*According to a recent nation-wide survey.

• Busy moderns know there is no substitute for the speed and convenience of travel by air. Aboard a giant Douglas DC-6 you enjoy the utmost in comfort. There's such a feeling of reliability about this big rugged, four-engine airplane. The DC-6 is the preferred choice of experienced air travelers the world over. For people who know airplanes appreciate the fact that Douglas has built more transports than any other manufacturer. Next time you fly—ask your travel or airline office for reservations aboard the Douglas DC-6. There is no faster, more luxurious, or more dependable air liner in service today—at home or overseas!

DOUGLAS AIRCRAFT COMPANY, INC.
SANTA MONICA, CALIFORNIA

MORE PEOPLE FLY MORE PLACES BY DOUGLAS



COMMODITIES

Short and Sweet

The panic run on sugar is over, but stepped-up industrial and military orders will keep supplies tight.

Panic sugar buying is finally subsiding in most parts of the country. In the Northeast, consumer demand continues strong, but elsewhere it has dropped off.

But industrial users—candy and beverage manufacturers, bakers, canners—are still scrambling for sugar supplies.

Caught flatfooted when the consumer sugar scare began immediately after Korea, industrial users have since been forced to operate from hand to mouth—often with curtailed operations—because of short sugar supplies. Even if consumer buying keeps falling off, demand from industrial users and wholesalers to build up inventory stocks, plus stepped-up army buying, will keep the sugar situation tight for several more months at the least.

• **Surprises Dwindle**—Net result of the rush to stock up on sugar since the Korean crisis has actually been to move a sugar supply that really had the trade worried last spring. What's more, it is moving at considerably higher prices than it might have. By Aug. 12, shipments of refined sugar from U.S. primary distributors had run almost 700,000 tons ahead of the same period last year; distribution from July 1—just after the panic set in to Aug. 12—accounted for at least 500,000 of the increase. Retail shelves, wholesale stocks and refiners' floor stocks were swept clean by the buying rush. Sugar beet processors were shipping from stocks as fast as they could. Refiners' prices, up 40¢ per 100 lb. over June levels, went from \$7.85 to \$8.25 per 100 lb.

• **Official Word**—As refined sugar disappears from the domestic market, official Washington and the trade have been assuring—without effect—that there was no shortage. They say the bottleneck—which is in refining and shipping capacity only—has been caused by housewives rushing to buy six months' supply of sugar in one month. They insist that raw sugar supplies available from domestic producers, plus surplus Cuban sugar, are enough to cover all U.S. needs.

Industrial users, caught with low stocks and rising prices, promptly blamed the Secretary of Agriculture for setting too low a 1950 sugar im-



"Since its inception, each issue of Sweet's File for Product Designers has carried a catalog describing our Sans-Arb plastic veneer. The results have been consistently good, and we therefore expect to continue with the use of it.

"Sales traceable to our catalog in Sweet's have been numerous—in fact, too

many to enumerate. Our wish is that the designer be furnished with technical information about our product and its handling, and Sweet's service is doing the job that we want it to do.

"Also, we are pleased to see that your distribution list includes so many independent product design organizations."

D. F. Rautenbush, Mgr., Graining Division
The Meyercord Co.

Sweet's catalog service

DIVISION OF F. W. DODGE CORPORATION • 119 WEST 40th STREET, NEW YORK 18, N. Y.

►►► Sweet's handles more catalogs than any other organization—in 1950, over thirty-five million copies for 1,148 manufacturers. When your catalog is distributed by Sweet's, it is delivered to prospects of top-rank buying power in the markets of interest to you. Furthermore, your catalog remains in the office of each recipient, instantly accessible at all times. This is accomplished by distributing it in a bound, indexed collection (file) of manufacturers' catalogs. According to thousands of users of these files, this is the most effective method of getting catalogs used by prospects.



GM Diesel Locomotive Saves \$100,000 a Year

ONE General Motors Diesel locomotive, replacing, and doing the work of three steam locomotives on a 50-mile division of The Western Railway of Alabama, is netting that railroad an annual saving of \$103,778.75, based upon comparison with the previous operating costs.

In General Motors locomotives, railroads have the best tool available to improve rail transportation and offset constantly increasing costs on other items. Backed by more than 2 billion unit-miles in every

classification of service, these locomotives are rendering a level of performance and are accomplishing economies approached by no other railroad motive power.

Strong, solvent railroads in the hands of competitive industry are essential to America's prosperity and growth. Fifteen years' experience has demonstrated that dieselization with General Motors locomotives is the soundest investment railroads can make.



A Green Light



for Economy in Railroad Operation

ELECTRO-MOTIVE DIVISION

GENERAL MOTORS • LA GRANGE, ILLINOIS

Home of the Diesel Locomotive

EVERY BUSINESS MAN SHOULD

KNOW ABOUT

Chemicals FROM TENNESSEE



WE BEGIN AT THE BEGINNING. When alchemy was more mysticism than science; when there was known to man only a scant number of primary elements, charcoal was an important basis for experimentation. And so today many chemicals are made from wood, a primary source of chemistry. Tennessee is a major producer of charcoal for the making of rayon in your tires or clothing.



BUT WE GO TO EXTREME ENDS. You might say we know the business of chemistry from the ground up. While we own the mines and forests which produce many of our basic raw materials, our greater attention is directed to research and development. Our aim is to produce chemicals of complete dependability, better and better quality. The results are apparent to chemical buyers, who comment now on our finer, fine chemicals.



TO SUPPLY HIGH QUALITY CHEMICALS. What does it take to compound a chemical of superior properties, one with specifications that tells the scientist at a glance that it has a "blue ribbon pedigree"? What it takes—Tennessee has: raw material sources under our control, integrated with production guided by the same management, an appreciation of customer problems... All this being aided by a continuous research program to improve quality of chemicals you buy from Tennessee. Find out how we can serve you—write to:



**TENNESSEE
PRODUCTS & CHEMICAL**

Corporation

NASHVILLE TENNESSEE

port quota last December (BW-Dec. 10'49,p23). They claim his estimate of U.S. consumption at 7.5-million tons, was 600,000 tons short, and they say he did it to keep the supply a little tight to boost prices for domestic beet and cane producers.

• **All of a Sudden**—Before Korea set off the fireworks in the sugar market, the trade figured U.S. consumption this year would run around 7½-million tons, and they expected a boost in the import quota later this year to cover the increased distribution. Ample supplies were assured by the anticipated million-ton Cuban surplus from this year's crop, which didn't seem to have much chance of moving in the face of a bigger European beet sugar production this year. Indications were that the chronic world surplus of sugar had weighed down the industry before World War II had begun to set in again.

In a move to stem the sugar run, on July 13, the Secretary of Agriculture upped the U.S. sugar import quota by 350,000 tons, thus making available 7,850,000 tons for U.S. consumption this year. This was 270,000 tons more than the 7.5-million tons that moved into distribution in the U.S. in 1949, and 500,000 tons more than 1948 distribution.

• **Turn to Cuba**—As U.S. sugar hoarding continued, foreign buyers also moved into the market to stock up, began bidding for the Cuban surplus. World prices began to rise. To protect U.S. supplies, Commodity Credit Corp. on July 27 purchased the remaining 600,000 tons of the Cuban crop; 400,000 tons had already gone on the world market when the U.S. stepped in.

The Cuban purchase brought U.S. available supplies to a record-breaking 8,450,000 tons.

• **Unofficial Ceiling**—Dealers expect the U.S. purchase will put a ceiling on raw sugar prices for the rest of the year. CCC indicated that it will resell the raw sugar to refiners at the same price it paid for the Cuban sugar—about 6.25¢ a lb. delivered in New York—when refiners certify that they are unable to buy sugar in the open market at the CCC price or below. This means that the refiners' price of 8.40¢ a lb. will be about the top level wholesale and industrial buyers will pay this year.

• **Short Term**—Barring a much worse international situation, most sugar men figure the sugar boom will be temporary. However, prospects for next year's sugar production in the areas supplying the U.S. are the largest in history.

Estimates by the U.S. Crop Reporting Board this month put domestic raw beet sugar production at 1.9-million tons, biggest on record, and mainland raw cane sugar at 577,000 tons,



It Takes Little Things

To Make a Big Shot

It's the little things that make the difference between a big shot and a big noise. In blasting, that difference is reflected in the over-all cost of materials and finished jobs: stone, coal, ore, lime . . . highways, bridges, dams, buildings—all of vital interest to American business.

ONE "little" thing of big importance to the blaster is his galvanometer, a standard instrument now greatly improved by a recent Atlas development in cooperation with the Weston Electrical Instrument Corporation. Painstaking blasters use a galvanometer to check electric blasting circuits . . . to detect loose wires, bad connections or other faults in the circuit that might cause plenty of trouble if current were applied for a blast.

Now, thanks to Atlas thinking on its customers' work, blasters have a galvanometer that's far more accurate than ever before. The ordinary galvanometer "gets weak," like a flashlight with an old battery, but the new Atlas model is adjustable to keep

it accurate, doing away with guesswork that might cause dangerous mistakes. It gives the blaster many more advantages, too, all adding up to greater safety and efficiency in blasting. A "little" thing, yes, but another truly significant forward step that favorably affects our customers' profit and loss sheets.

Such improvements are typically Atlas—the result of working for and with the customer on problems the solution of which will hold down costs and improve quality. If your production efforts are in the range of Atlas products—our technical and engineering staffs are at your service.

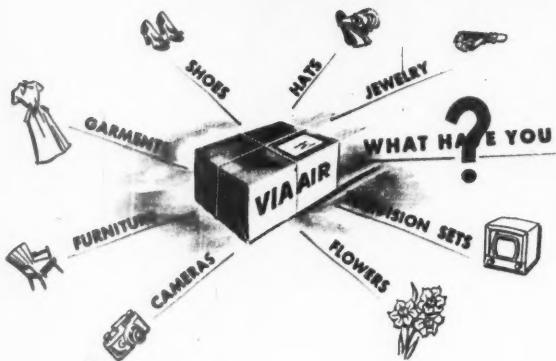


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TO SPEED UP TURNOVER

One key to bigger profits is the fast turnover made possible by Air Freight, Air Express or Air Parcel Post. When you order your merchandise delivered by air, you can keep your inventory low, speed up your turnover, and still have new stock on hand almost overnight. One retail furrier, for

example, has found he can double the rate of his turnover by using the air. Ask any airline to show you how this often-proved method of cutting costs can go to work for you.



United Aircraft CORPORATION

EAST HARTFORD, CONNECTICUT

MAKERS OF PRATT & WHITNEY ENGINES, HAMILTON STANDARD PROPELLERS, CHANCE VOUGHT AIRCRAFT AND SIKORSKY HELICOPTERS FOR THE U. S. ARMED FORCES AND THE FINEST AIRLINES IN THE WORLD.

also close to record size. Philippine estimates put the 1950-51 crop in the islands at over 1-million tons, 300,000 tons more than last year. Expectations are that the Cuban crop next year will reach 6.3-million tons, close to its all-time high production. Total production of all areas supplying the U. S. should exceed 12-million tons, according to these forecasts.

Sooner or later, industrial and wholesale stocks will be replenished and consumers will stop hoarding and start eating their hoarded sugar. Then the booming sugar market can expect a bust.

PRICE JUMP IN NAVAL STORES

The Southeast's naval stores industry has come out of a slump into a boom. Resin, turpentine, and crude gum, which neared a postwar low earlier this year, have rocketed in price.

Korea, of course, is part of the reason for the upsurge. Both turpentine and resin are strategic war materials. But also important has been an uprising by turpentine farmers. They formed a co-operative some time ago against the strong position of the Savannah Naval Stores Exchange.

By last week turpentine, which in April was selling at 40¢ a gal., was up to 46¢ and still rising on the Savannah market. Crude gum, collected by turpentine farmers, was going for \$23 to \$24 a bbl. Three months ago, it was selling for \$16 a bbl. Resin had staged the most spectacular rise—from \$4.82 a cwt. to \$6.45.

Heavy withdrawals of turpentine from government stocks to commercial channels were already causing worries over the reserve picture.

METALS PRICES CHAOTIC

Conditions in nonferrous metals markets this week were best described as chaotic. Quoted prices meant little or nothing as consumers scrambled to get metals at whatever price they had to pay.

Copper, for example, was quoted by producers at 22½¢ a lb. (although some were reported selling at premiums). But in the "outside" market, the red metal was going at anywhere from 25¢ to 28¢ a lb. Zinc, quoted officially at 15¢, sold all the way from 17¢ to 20¢.

The metal trade, meanwhile, described the "outside" market as more realistic than "official" quotations. Demand was such that experienced observers figured the premium prices were less of a gray market than the real thing.

Proof of the shortages—if any were needed—came from brass mills. Some that have been running 5½ or 6 days a week have been forced down to 5.

MARKETING



TALK AT THE DOOR by Western Auto salesman lines up prospect, leads to . . .



SALES IN THE KITCHEN. Western's home selling will be expanded, not cut back.

Do You Stop Selling Now?

Every seller of goods faces a tough decision today. What sales policy do you set during a 10% war?

It's a seller's market now, and will be for as long as anyone can see. So do you gradually reduce your advertising budget? Do you pare down your sales force, and wait for the customers that are sure to come to you?

No, say Western Auto Supply Co. and Douglas Fir Plywood Assn. They vote for keeping your sales force intact and your sales message before the public.

I. Western Auto Supply

About three years ago, Western Auto Supply Co., the huge regional chain with headquarters in Kansas City, Mo., struck out on a new tangent. It went into door-to-door selling of appliances, starting with a few southern and mid-western cities.

By the spring of this year some 300 salesmen in almost all of Western's 16 districts were selling a long line of appliances—from refrigerators, ranges, and hot-water heaters to attic fans, ironers, and television sets.

• **Record Sales.**—The results were sensational. Early in 1950, sales of Western's appliance division were running more than five times the rate of a year before. At midyear, the company's total sales volume hit a record \$65.4-million, against \$52.7-million for the first half of 1949. The company attributed a big share of this gain to the jump in sales of major appliances.

Korea hit when the company was still in the middle of plans for expanding its door-to-door operation. It had hoped to have by the end of 1950

more than 500 men working out of all 16 districts. It also had plans for increasing the scope as well as the size of the program. Instead of concentrating on towns where the company owned stores, Western's door-to-door program was to push into towns served by so-called "associate stores." (These are some 270 independently owned stores that use the Western Auto name.)

• **What to Do?**—July, of course, was a world-beater. The big chain's overall sales spurted to \$18-million—a 62% gain over the same month last year. But what about the future? Western made some quick calculations, figured that it could expect to get only about 80% of the appliances that it had been getting. As for the long-range future, Western could figure it no more accurately than anyone else.

So Western faced a dilemma in the face of this uncertainty: What should it do about its door-to-door program?

• **Expand Some More.**—Western's answer was decisive: It would keep on expanding. And it did. Today Western employs about 550 salesmen who operate in 15 districts. It has also expanded

Paper
especially
in your
letterhead

tells on you.
But it's a good story
if you use

Atlantic Bond

The quality, crispness
and clean appearance
of this fine paper
always adds prestige to
your words. Available
in white, cream and
twelve colors.

EASTERN
CORPORATION
BANGOR • MAINE



Grasp these

Profitable Sales!

DODGE REPORTS daily construction news are your straight line to profitable business. They keep you informed of sales opportunities wherever new construction creates a market for your products or services.

For any area you specify (east of the Rockies), any type of construction, or any stage of the construction work, you can receive daily reports that tell WHERE to go... WHO to see... WHAT to talk about to get prof-

itable business in the new construction market.

This information saves time and "leg work," helps cut selling costs. You are able to concentrate selling efforts on known prospects—at the proper moment for effective results.

Let us show you, without obligation, how Dodge Reports can mean your first step to profitable business. Simply fill in and mail coupon below.

Straight Line



to
Profitable Business

MAIL THIS COUPON

EW-8-30

YES—I want to know about the profitable opportunities in **New Construction**. Without obligation, show me how I can use **DODGE REPORTS** in my business. (I do business East of The Rockies.)

Name _____

Firm _____

Address _____

F. W. DODGE CORPORATION

Construction News Division

119 West 40th Street, New York 18, N.Y.



in the direction of its associate stores by trying out the plan through wholesale divisions in Kansas City and St. Louis. The associates in these cities are invited to come into the setup with their own salesmen operating the way Western's do.

Western is naturally anxious to keep its show on the road. For it figures that door-to-door selling is the perfect complement to its regular store operations.

- **Store Selling, Door Selling**—The stores give both company-owned and "associated" salesmen a double advantage. Canvassing and the time-honored home demonstration parties take up only part of their time. The rest of it they spend on the sales floor of Western Auto stores, where they get leads for new customers. They also follow up leads which come through store clerks, usually on some sort of split arrangement if the clerk's customer is a hot one.

This year, thanks in part to the new program, Western's gross will come to something between \$140-million and \$150-million. That would be \$15-million to \$25-million more than its biggest year to date.

- **Alternative Lines**—But what will happen if and when Western's supplies of appliances begin to dry up?

Western has already worked out a tentative answer to that one, too. At the moment it is toying seriously with the idea of giving its salesmen alternative lines to sell from door-to-door. These would include lines now offered through Western's catalog service—watches, chronometers, silverware, waffle irons, toasters, furniture. Except for furniture, these lines could not begin to match the volume Western is now doing in appliances. Yet this program may help achieve Western's main goal—that of keeping its sales force intact and ready for work when major appliances are available again.

II. Douglas Fir Plywood

For the plywood industry, the problem of what to do in a sellers' market is nothing new. It had to make its decision months ago.

Korea or no, the plywood industry was bound to be going great guns. The building boom has plywood operating at a record rate of 2.5-billion sq. ft. a year, 20% above last year's record output. Two new mills are going up and almost every plant has some expansion under way. Prices are climbing, reflecting the rising cost of logs and higher wages.

- **Stepup, Not Letup**—Even so, the industry is running off one of its heaviest promotional pushes in recent years. It is stage-managed by the Douglas Fir Plywood Assn., which speaks for mills that produce 96% of the fir plywood in Washington, Oregon, and northern

California. The association handles industry-wide advertising in 55 consumer and trade publications on a budget of about \$1-million a year.

So far the association has made only one concession to the times: It recently shaved 15% off the increase it had planned in advertising for the second half of the year. Even this small reduction didn't get unanimous approval within the group. Opponents of the cut said that momentum, once lost, is costly to regain.

• **Half-Speed Is No Good**—This anxiety to keep a head of steam behind industry promotion stems in part from an economic fact: Plywood mills must operate at high capacity to be efficient. Normally, a mill runs two shifts, even though it is on a short work-week. When production drops below 70% of capacity, many a mill finds itself in trouble. As O. Harry Schrader, Jr., managing director of the association puts it, "Our one job is to keep demand equal to, or greater than, the productive capacity of the industry."

The industry has been selling itself cooperatively since 1938. Its advertising has had a two-fold objective. On one hand it has tried to help the customer choose the right plywood panel by emphasizing the proper grade for the job. It points out, for example, that there's no use paying perhaps 8% more for an exterior panel when an interior grade will do. On the other hand, advertising has sought to bring new converts to plywood, "the wood of a thousand uses."

• **Wider Audience**—At first the industry addressed itself pretty much to the building trades. But now it is talking to a much wider audience in order to expand its potential markets. In particular, it sees big future possibilities in these areas:

Residences. The average medium-size house uses only about 400 sq. ft. of plywood—but it could use up to 5,000 sq. ft. If the industry could raise the average to just 1,000 sq. ft., it would have an expanding market even though residential construction were to drop sharply.

Farms. Since some 6-million farms have six to seven buildings apiece, the rural market is a big one. But it's a tough market to reach. The problem is largely educational—hence the association's heavy advertising schedule in farm journals.

• **Work Ahead**—Ahead of the industry lie still other problems that it will tackle through its advertising. One springs from the fact that plywood takes the best logs. The supply of heavy, old-growth Douglas fir with clean trunks is limited. As the industry is forced to use lower grade logs, it must find markets for lower grades of plywood. That means another selling job.



KEYSTONE
"SPECIAL PROCESSED"
COLD HEADING WIRE

EXCELLENT FLOW PROPERTIES

PROLONGS DIE LIFE

FEWER REJECTIONS

REDUCES INSPECTIONS

To attain true economy in the production of Phillips head and clutch head screws, an ever increasing number of manufacturers are specifying Keystone's new "special processed" cold heading wire.

This new wire delivers the desired upsetting and die forming qualities with a high degree of uniformity due to its excellent flow properties. Production reports show that die and plug life are often more than doubled . . . finished product rejections are minimized . . . the cost of expensive final inspections is reduced. The superior plating qualities of "special processed" wire further assure a better finished product.

Whatever your industrial wire problems might be, Keystone metallurgical research and testing facilities are available to supply the answers.

KEYSTONE
STEEL & WIRE CO.
PEORIA . . . ILLINOIS

*Special Analysis Wire, Setting
New Standards of Performance*

**ARE YOU THINKING OF
MOVING?**

Then Think Of
MAINE

Labor-Management Relations
Are "Tops" In Maine.

Maine Workers Are "Producers".

Dependable Rail, Air, Truck And
Water Transportation Facilities.

CONFIDENTIAL
Ask one of our industrial
experts to call and give
you specific information
on your problem.
Write today for a FREE
booklet and information
on Maine's industrial ad-
vantages. Your request
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MAINE DEVELOPMENT COMMISSION
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NEW
Colored
Pencil
amazes
Office Manager!

...but no more than the same Colorbrite Colored Pencil will amaze you! Brilliant colors reduce eyestrain! Feather-light writing produces intense lines! Non-crumbling leads eliminate waste at sharpener! Points guaranteed against breakage mean fewer work-interruptions! Colorbrite leads are amazingly strong and resilient! All Colorbrite writing is waterproof, smearproof, fadeproof!

Try the new EXTRA-THIN
Colorbrite
by
EBERHARD FABER Since 1849

TRADE MARKS REG. U. S. PAT. OFF.

TV Snaps Up More N.Y. Space

NBC leases 3,000-seat Center Theater, the 15th legitimate house taken over by the industry. All networks need room, yet TV city seems far off.

The television industry is scrabbling for breathing space in Manhattan. Within the past few weeks, the major networks have taken over two more legitimate theaters. That means theatergoers have now lost 15 houses to TV, with the prospect that they may lose another half-dozen before long. TV has also taken over three large non-descript properties for production centers. It has even elbowed radio out of Toscanini's famous Studio 8H at National Broadcasting Co.—and it's still eating up space.

• **Biggest**—Splashiest coup in TV's search for space was NBC's deal with Radio City last week for the Center Theater. With 3,000 seats and a 4,200-sq. ft. stage, it's the world's largest legitimate house. In its 17-year history as a movie house and a home for "spectaculars," ice shows, ballet and opera, the Center has had a somewhat spotty earnings record by comparison with its fabulous neighbor, the Radio City Music Hall. That'll be changed, though, now that TV has bailed it out at a reported \$250,000 yearly for three years. NBC will pick up another big check for the cost of converting it to TV use—lighting, control space. There will be no changes in the stage or seating arrangements, however.

NBC figures it can use the Center to present shows which haven't been possible on TV thus far, is sure that no other theater anywhere can handle what it plans for the Center this fall. Other advantages: It's literally across the street from NBC's headquarters in Radio City; it has lots of room for the space-eating requirements of TV programming.

• **Everybody's Doing It**—The Center is the biggest bundle of space yet in what has become a race for space. Behind this rush for space is the boom in telecasting. ABC's gross billings for network TV time in the first half of '59 were 5½ times what they were in the first half of '49; CBS' 4½ times; NBC's gross tripled. Substitution of paid for sustaining programs requires more sets and more rehearsal time. This means studio time lost in set dressing, and more space for design, construction and storage of flats. TV pay scales still aren't attractive enough to keep actors from insisting on time out to do radio work. This can stretch out the time a given show will occupy pre-telcast facilities.

As daytime soap operas move over

onto TV, the need for space will become even more acute. Soap operas require one or two permanent sets; it's expensive to keep striking these sets to make way for evening shows.

• **ABC Moves**—One of the first moves was to find space to make and store sets. ABC took over the old New York Riding Academy on West 66th St., has spent more than \$3,700,000 to convert it into a centralized shop for producing both TV stage sets and programs. This still leaves ABC operating three former legitimate theaters, one for TV exclusively. ABC claims that this centralization lets it underbid other networks as much as 50% on production costs, the bane of TV so far. Other networks, however, do not seem to be very worried. They point to their billings, vastly ahead of ABC's dollar-wise, and disclaim any concern.

Both CBS and NBC have much the same arrangements. The former took over a large structure on the far East Side, in which it manufactures and stores sets. NBC has a similar arrangement close by (which it won't move to Center Theater). These centers serve studios scattered throughout midtown from West 39th St. to Columbus Circle.

• **TV City?**—Such drastic dispersal is expensive and has provoked talk of a TV City, set up specifically to meet the industry's problems. In a small way, the trend already has been set by ABC's 66th St. center. ABC is converting the 23-acre Vitagraph Studio, in Hollywood, for a similar West Coast setup. And CBS says it's going to build such a center on the Coast. But New York City is consciously—and publicly—trying to become the nation's TV center; individual concentrations within the trade may not carry enough weight to fulfill this ambition.

To duck the imposing problem of finding space enough for a TV City in midtown Manhattan, it has been suggested that such a center be built across the Hudson on the Jersey meadows. But few TV people believe that will ever happen until all the networks agree to go in together; the prospect of such unanimity in so competitive a business doesn't impress them greatly. Then too, with today's catch-as-catch-can space grabbing, there's a lot of investment being made in theater purchase, lease, and conversion that would be imperiled if any real TV City were set up.



first

in Valve-in-Head performance with economy

Step out in a Chevrolet and enjoy *higher thrills* with *lower costs* every minute, month and mile you drive! You'll find owners are right when they say Chevrolet brings you the finest combination of thrills and thrift available today. For it's the only low-priced car powered by a *Valve-in-Head Engine* . . . the engine that is setting the trend for the industry.



and finest

for thrifty No-Shift Driving or Standard Driving



Chevrolet offers you a choice of finest *no-shift driving* with the phenomenal Powerglide Automatic Transmission and 105-h.p. Valve-in-Head Engine,* or finest *standard driving* with the highly improved standard Valve-in-Head Engine and Silent Synchro-Mesh Transmission . . . both at lowest prices.

*Combination of Powerglide Automatic Transmission and 105-h.p. Engine optional on De Luxe models at extra cost.

The Styleline De Luxe 4-Door Sedan

at lowest cost

with fine-car feature after fine-car feature
at lowest cost



Chevrolet brings you many other exclusive fine-car features, including Body by Fisher; Center-Point Steering and the Unitized Knee-Action Ride; Curved Windshield with Panoramic Visibility; and Proved Certi-Safe Hydraulic Brakes. See and drive Chevrolet, and you'll agree, it's *first and finest at lowest cost!*



AMERICA'S BEST SELLER . . . AMERICA'S BEST BUY

CHEVROLET MOTOR DIVISION, General Motors Corporation, DETROIT 2, MICHIGAN

They Talked . . .



WALTER DORWIN TEAGUE points out redesigned emblem, nameplate, and handle of Servel refrigerator. Those and other changes made it a brand new model, but kept retooling costs low.



R. E. KORTEPETER, chief engineer at Apex, explains that his job is to work out engineering details of products. Then it's up to the industrial designer to give them eye appeal.



DAVE CHAPMAN, independent designer, worked with Kortepeter and Apex on washer line for Montgomery Ward. Chapman's job: to concentrate on appearance, ring in sales-catching features.



HERBERT GOSWEILER, GE designer, ticks off steps in range design. Body, top, drawers, drawer panels are same on all models. Price varies with extra features—which means ingenuity in design.

Product Designers Go Back to School

For years there's been a running feud between engineers and industrial designers. Engineers have felt that designers' ideas complicate production. Designers say they actually simplify production with new designs—and make products easier to sell.

But the two groups are learning to get along. They got together recently at a seminar co-sponsored by an engineering school—Lehigh University—and the Society of Industrial Designers. For a month they went to classes, took part in discussion groups, talked over their problems.

When they went home, a good many of them felt like Elmer Wavering, vice-president in charge of product design at Motorola. His comment: "We've learned a lot about design principles that we never thought existed before."

A long list of companies sent dele-

gates to hear top-flight designers tell how they design products with consumer appeal—and why.

Independent designers like Dave Chapman, Raymond Spilman, and Walter Dorwin Teague explained—with the help of the products—the principles of industrial design. They discussed the part industrial designers play in a company's activities, whether they are working on a consultation basis with company engineers or are hired to completely redesign products.

General Electric and other big companies sent teams of design men to explain the operation of company design sections. They brought along some of the products they have designed and told how a designer steers a path between engineering specifications and marketing requirements.

The delegates took their classroom

work seriously—notebooks and sketch pads were on every man's desk and were filled. When classes were over, they returned to their fraternity-house lodgings and, true to the time-honored college tradition, held bull sessions far into the night.

Biggest argument centered on the question of whether the public always prefers the best-designed product. There was no clear answer. For example, Raymond Spilman, co-director of the seminar, pointed to the case of a well-known automobile: "Designers agree that this current model is one of the worst designs in history. But the car has a certain prestige appeal; people buy it simply because it gives them the feeling that they have arrived economically and socially." "But," he added optimistically, "that's the exception."

They Listened . . .



DELEGATES examine products, like GE range, and chat informally about their design problems during classroom breaks.



NEW ZEALAND DESIGNER sketches washer so he'll remember design principles and take them home.



DESIGNERS AND ENGINEERS keep bull sessions going far into the night as they continue talking design in their fraternity-house lodgings.

Have you heard about "TEFLON"?

the new heavy-duty Du Pont plastic with a unique combination of properties

This new Du Pont plastic can save money and improve performance in a wide variety of industrial applications. It tops all other commercial plastics in resistance to chemicals, heat, and moisture. Here are the outstanding properties "Teflon" tetrafluoroethylene resin offers industry:



"Teflon" is superior in chemical resistance to any other known material for gaskets and pump packings. Used successfully with the most corrosive acids, it has performed over a year in gaskets where other materials lasted only two weeks. It has excellent heat-resistance, is tough and durable. In gaskets, packings, and other chemical applications, "Teflon" permits more economical production.



"Teflon" gives outstanding performance as insulation in high-frequency, high-temperature and high-voltage electrical installations, service otherwise impossible in a thin, flexible jacket. Users have found it gives trouble-free, maintenance-saving service in motor windings, high-voltage wires and cables, inserts for coaxial connectors, coaxial spacers (in TV transmission lines like the one shown

here). The electrical properties of "Teflon" are unaffected by temperatures as high as 400°F. It is unaffected by weathering, won't absorb water and is tough at very low temperatures.



Here's an extremely interesting feature of "Teflon": Nothing will stick to it with any appreciable strength. This bakery roll is an outstanding example of an industrial use where non-sticking surfaces are needed. The fact that dough won't stick to the rolls covered with "Teflon" eliminates the need for scrapers to clean the rolls, eliminates flour dusting during sheeting of dough — bringing about substantial savings. Other uses include: coverings for the jaws of heat-sealing machines, covers for conveyors and rolls handling sticky materials, linings for bread pans, and mold-release agents.

Du Pont supplies "Teflon" as molding powder, tape, and in liquid form. It can also be obtained in lacquers and enamels. We will gladly suggest suppliers of rods, sheets, tubes, and finished parts made of "Teflon."

*Reg. U. S. Pat. Off.

New, Modern Plant

While "Teflon" has been available to industry for just a short time, its success in a variety of applications, plus the promise that it holds for future uses, has hastened the completion of a full-scale, modern plant. Techniques now being developed will certainly open up fields not yet contemplated. For more information on "Teflon," clip and mail the coupon below to the sales office nearest you.



E. I. du Pont de Nemours & Co. (Inc.)
Polychemicals Department

Please send me literature on new Du Pont "Teflon" for

- Gaskets and Packing Electrical Insulation
 Non-Adhesive Applications

Sales Offices: 350 Fifth Ave., New York 1, N. Y.
7 S. Dearborn St., Chicago 3, Ill.
845 E. 60th St., Los Angeles 1, Calif.
(Address coupon to sales offices nearest you.)

Name _____

Address _____

MARKETING BRIEFS



"SEEING EYES" for PROMPT PRODUCTION

Without good clear vision on the job, even the most skilled production worker falls short of top performance. That's why good lighting equipment is a basic essential for consistently profitable production.

Appleton Lighting Fixtures provide the right light, without uncomfortable glare, troublesome contrast or shadow. Each type is a model of mechanical simplicity—economically installed, easily wired, conveniently serviced.

Products of more than a half century of experience, Appleton Lighting Fixtures are made to suit every industrial requirement—including hazardous locations—whether indoors or out. For the finest illuminating equipment or expert assistance on any lighting problem, contact Appleton—Standard for Better Lighting.

APPLETON LIGHTING EQUIPMENT



Sold Through Electrical Wholesalers

APPLETON ELECTRIC COMPANY
1750 Wellington Avenue • Chicago 13, Illinois
Branch Offices and Resident Representatives in All Principal Markets



CONDUIT FITTINGS • LIGHTING EQUIPMENT • OUTLET AND
SWITCH BOXES • EXPLOSION-PROOF FITTINGS • REELITES

Textron's financial report for the first half of 1950 shows why it got out of the finished-garment business (BW-Aug. 12 '50, p60). Its apparel divisions went \$2.6-million into the red. Consolidated net loss before tax carryback: \$82,000.

A video link will be opened between San Francisco and Los Angeles Sept. 15. By early 1952, Pacific Telephone & Telegraph will hook it up with AT&T's transcontinental radio-relay system, which will be completed between Chicago and Omaha on Sept. 30.

Promises to hold the price line have come from several smaller manufacturing companies, among them Magna Engineering Corp. (power tools) and Aerquip Corp. (hose, couplings). Both eschew inventory profits, say they won't raise prices until forced to by materials costs.

Price-cutting on TV sets persists even while most manufacturers are on allocation. Retailing Daily reports that some Philadelphia dealers are still offering discounts of 15% to 25%.

Frozen orange juice now accounts for 19% of the total orange and orange product bought by U.S. housewives. Florida concentrate processors plan to increase frozen juice capacity by some 60% next year.

Thor Corp.'s slash in its dealer setup (BW-Feb. 18 '50, p58) has paid off. With less than half as many dealers, Thor did 40% more business in the first part of this year than in the same period last year. Thor still plans to pare its dealer setup down to 7,000 by the year's end.

Amber milk bottles are being used by Borden Co. for premium-grade milk in California. The bottles are not only easier to recognize, says Borden, but also help preserve the riboflavin content and flavor.

Frederick Loeser & Co., Brooklyn department store, is about to change hands for a reported \$8-million. Controlling interest is being sold to a group headed by Jacob Aronson of Philadelphia. Loeser's does an annual business of \$35-million.

J. B. Williams Co. (shaving soap, Skol) has acquired the assets of Conti Products Corp. (soap, shampoo) in a merger approved by Williams stockholders last week.



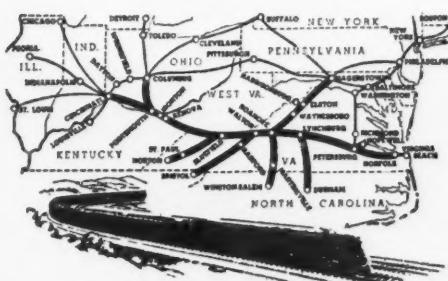
"Plowing Back" FOR BETTER SERVICE AHEAD . . .

Early in history, men learned that plowing back a part of each season's crop enriched the soil and prepared it to serve its users even better in future years. Cincinnatus, the great Roman soldier-statesman-farmer, was one of the early agriculturists who practiced this agrarian policy of returning to the soil a part of the soil's yield — for better service ahead.

To insure continuously better rail service for its customers, the Norfolk and Western Railway consistently "plows back" large portions of its earnings — to build an increasingly better transportation plant. Since 1945, the N. & W. has spent and authorized nearly \$110,000,000 for improvements all over the railroad. These improvements include powerful, new coal burning steam locomotives . . . new

freight and passenger cars . . . heavier rails and smoother roadbed . . . modern signals . . . track relocations . . . a great, new merchandise freight pier at the Port of Norfolk . . . modernized stations, expanded yards and new and more efficient engine terminal facilities . . . new tools . . . and scores of other additions and betterments.

This policy of consistently "plowing back" a substantial part of the railway's earnings is a vital factor in producing the kind of Norfolk and Western service shippers depend upon — *Precision Transportation*.



Norfolk and Western
RAILWAY

PRECISION TRANSPORTATION

**May we work
with You too?**



When mass reduction of materials is a problem . . . that's where we come in. We have been doing it for every phase of the process industries—for chemical, food, pharmaceutical, soybean, cottonseed, linseed, wood, and ceramic plants . . . for distillers, packers, and millers. We are confident we can do it for you!

This confidence is based on a combination of experienced engineering judgment, the right equipment and day-after-tomorrow planning. Let us tackle your problem and show you how the ruggedly dependable Prater Dual Screen Triple Reduction Pulverizer will fit into your system for lower cost and improved quality of output.

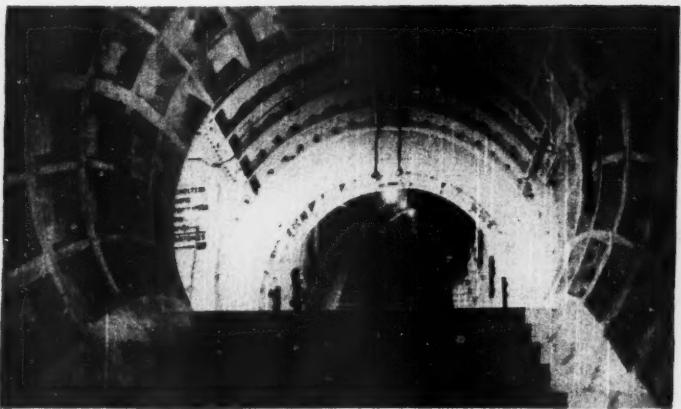
PRATER PULVERIZER CO.
1502 SO. 35TH COURT
CHICAGO 30, ILLINOIS

Send for illustrated book—"THE PRATER Dual-Screen PULVERIZER in the PROCESS INDUSTRIES."



**PRATER
PULVERIZERS**

CIVIL DEFENSE



SAFETY FOR 8,500. U.S. civilians lack bomb shelters like this 1945 London model.

Chaos in Civilian Defense

Many federal agencies have a hand in it, but no master plan is in effect. NSRB will announce its program to state and local officials on Sept. 8.

There is no master plan known today for protection of U.S. civilians if they are hit by an outside attack—with or without atom bombs. Three years of "planning and preparation," the spending of millions of dollars, still leave cities bare of protection. Or rather, covered by a crazy quilt of torn rags.

The reason: chiefly Washington bureaucracy. Old line federal agencies and new ones set up by President Truman have been tossing the problem back and forth, each trying to grab as much power and prestige as they possibly can.

• **Role of NSRB**—The National Security Resources Board has been responsible for civilian defense planning since March, 1949. But NSRB has almost no power, can make plans but not execute them.

NSRB, after months of busy publicity, has suddenly turned silent on civilian defense. The silence, probably for dramatic effect, will end on Sept. 8, when the board will give a preview of its blueprint for over-all civilian defense. The occasion will be the Chicago meeting of the Council of State Governments.

Best information is that the program will give details on some 20 aspects of civil defense, such as engineering, fire, police, and communications. The governors and mayors will be told that it is up to them to make the plan work.

NSRB spokesmen claim this could be done in about six months.

• **Muddling Along**—Whether NSRB's plan will bring order out of chaos is another question. For three years, NSRB and its predecessors have been muddling along. Confusion has sprung from (1) lack of clear-cut responsibility, and (2) the scramble of federal agencies to get a slice of the pie.

Civilian defense has been talked about ever since V-Day. The Defense Dept. had an Office of Civil Defense Planning which Truman abolished it in August, 1949. Three civilian defense reports were junked by the President—the Bull report of February, 1948; the Hopley report of November, 1948; and the Gill report of May, 1949. Each urged a single agency.

• **Parcelled Out**—Two years ago, while the Defense Dept. unit still existed, civil defense planning jobs were parcelled out among a dozen federal agencies. Examples:

- The Public Health Service became responsible for health planning in emergencies.

- The General Services Administration was given some ill-defined jobs relating to disaster control.

- The Agriculture Dept. created a "meat supply" unit to certify that meat is not contaminated by radiation.

- The Children's Bureau came up with a plan for rounding up children



NEW ARRIVAL IN LOW-COST STEAM Shop Assembled . . . Ready to Use

Latest addition to a distinguished family is the new B&W Integral-Furnace Boiler, Type FM . . . developed from B&W's seventeen years' pioneering experience in combining boiler and water-cooled furnace in a single, integrated unit.

Formerly available only in large industrial and central-station designs, Integral-Furnace Boilers have already accounted for over 100 million pounds per hour of new steam-generating capacity since their introduction in 1933. And now their proved advantages are incorporated in a completely shop-assembled, self-contained unit.

Small and medium size plants, institutional and commercial establishments will find in this unit all the answers to low-cost heating and process steam-generating requirements from 3,000 to 35,000 lb. per hr. at pressures to 250 psi. Large plants, too—where space and load characteristics warrant—may

profitably consider several packaged boilers as against a "tailor-made" installation.

A creative engineering approach to boiler design, as so strikingly exemplified by this new arrival in steam-generating economies, has identified B&W with steam-power progress for more than 80 years. It may be just what is needed to insure big economies in the solution of your present problems or future plans. Send for bulletin G-72, detailing the many advantages of this new B&W creation in low-cost steam generation. *The Babcock & Wilcox Company, 85 Liberty Street, New York 6, N. Y.*



**BABCOCK
& WILCOX**

W-99

"Let me tell you how
that harbor operation
actually works."

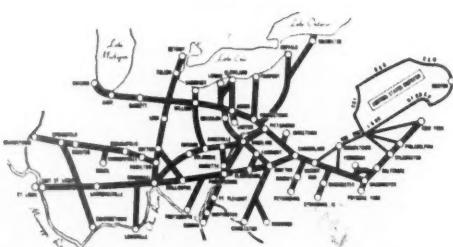


OUR TRAFFIC MEN HAVE PRACTICAL TRAINING

Trust the advice of men who are trained as B&O trains them. Whether you are in Seattle or San Antonio, the information a B&O man gives you on New York—or Toledo—or Baltimore will be sound. He has *been there*—has had on-the-spot training throughout the B&O system.

Our representatives from coast to coast and from border to border have seen actual B&O operations—in yards, terminals, and offices. They have studied, under departmental officers, the many phases of shipping you will wish to know about.

So ask our man. He knows what makes a railroad tick, and his advice will save you time and money!



BALTIMORE & OHIO
RAILROAD
The Line of Sentinel Service

separated from their parents in an atomic attack.

• **Defense Dept.**—Recently, the Defense Dept. came up with a new civil defense plan of its own. The department recognizes that civil defense is primarily a civilian job. However, the plan is based on the idea that civilian efforts will have to be supported by the armed services. Last week, Secretary Johnson handed out the following specific assignments:

The Army is to develop plans for civilian auxiliaries in anti-aircraft, military police, and bomb disposal.

The Navy is to plan auxiliary coastal, river and harbor patrols.

The Air Force will operate the civil air patrol, the aircraft observer system, and develop a prototype air raid warning system.

The Joint Chiefs of Staff will coordinate plans for civil defense exercises involving more than one of the armed services. They will also warn defense officials of areas most likely to be attacked.

The Munitions Board will handle technical data on protective construction of plants with military contracts.

The Research and Development Board will analyze its programs to see what may be applicable to civilian needs.

• **Bomb Tests**—The Defense Dept. has also come up with funds to resume Army tests on the effect of bombs on buildings. The tests, held in Utah and Colorado, were dropped two years ago for lack of money.

Although aimed mostly at design of command posts and the like, the tests will also provide valuable information for civilian planners.

The Army is now studying plans for two typical underground industrial plants. NSRB still prefers the idea of dispersing essential industry rather than putting it underground, but the Army is interested in subterranean plants, based on German experience during World War II.

• **Congress Acts**—Congress, too, has decided to draw cards in the civilian defense game, without waiting for NSRB to make its Sept. 8 announcement. Chairman Robert Crosser of the House Commerce Committee has named a special subcommittee to investigate the preparedness of critical industries and to look into the matter of defenses against germ warfare.

There is sentiment in Congress for turning the civilian program over to the Defense Dept., on the basis that it has done the best planning job so far. Sen. Lodge of Massachusetts has introduced a bill creating a \$10-million civil defense agency in the Defense Dept. The agency would coordinate state and city aid, rescue methods, and necessary equipment.

FINANCE

Why Bankers Trust Is Buying Branches

Deposits in billions in millions	"Retail" Banks			"Wholesale" Banks		
	National City	Manufacturers Trust	Bank of Manhattan	Bankers Trust	Central Hannover	Guaranty Trust
No. of local bank offices June 30, 1950	68	81	56	4	10	4
Dec. 31, 1939 Deposits	\$2,331	\$763	\$610	\$1,125	\$1,107	\$2,088
Dec. 31, 1945 Deposits*	\$4,009	\$2,078	\$1,008	\$1,352	\$1,808	\$2,470
June 30, 1950 Deposits	\$4,594	\$2,101	\$1,069	\$1,339	\$1,400	\$2,335
Percent gain in deposits 1939-1945	+72.0%	+172.3%	+65.2%	+20.2%	+63.3%	+18.3%
Percent gain in deposits 1945-1950	+14.6%	+1.1%	+6.1%	-1.0%	-22.6%	-5.5%

*Excludes War Loan Accounts

"Retailing" Lures the Banks

Bankers Trust, New York, is the latest to go over to large-scale branch banking. Fierce competition for big corporate loans makes "wholesale" banking less profitable.

Across Wall Street from the New York Stock Exchange and J. P. Morgan & Co. sits Bankers Trust Co. Founded in 1903 to handle the trust funds of banks, BT through the years has been a symbol of big-business banking. Since it went into commercial banking in 1917, it has concentrated on serving large corporations and big individual depositors.

Today Bankers Trust is looking up-town from the financial hub—looking to the Bronx, Manhattan, and across the river to Queens and Brooklyn for new business. Last week it announced it was planning a cash merger with Lawyers Trust Co., with its three branches and \$73-million in deposits. When the merger is approved by the state banking superintendent and stock-

holders of both banks BT will have 14 branches in New York City. Just two weeks before, Bankers Trust had taken over the commercial banking business of Title Guarantee & Trust Co., with six branches. On the basis of June 30 deposits, the two deals will make BT New York's fifth largest bank (it had been seventh).

• **Policy Shift**—Up until the end of the war, Bankers Trust specialized in what might be called "wholesale" banking. It did most of its business by serving large corporate and individual accounts. Since the war, though, it has begun to do some "retail" banking: handling the money problems of middle-income and lower-income people. This involves personal loans, consumer credit, small business loans, small mort-



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(Based on Hartford Claim #140016)

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• • •

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gages, small checking accounts, and savings accounts—services that most big-city bankers wouldn't have bothered with 25 years ago.

To do this sort of business, though, a bank has to have branches. Bankers Trust, with a new total of 14 offices instead of four, now has the basic equipment for a major invasion of the field.

• **Late-Comer**—If you consider what other banks have been doing, BT has come to the party late. Wall Street banks such as the National City Bank and the Manufacturers Trust Co. have been in the field for many years. On the West Coast the biggest of all U. S. banks, Bank of America, has been built up by retail banking through a network of branches (BW-Apr. 29 '50, p94).

Actually it was a personnel change involving Bank of America that gave the first clue to BT's new emphasis on retail banking. Last fall, Francis S. Baer (picture, page 69) who was No. 3 man in Bankamerica, came east to become a BT senior vice-president. Baer was and is an expert on branch banking.

• **Necessity**—The table (page 65) shows why BT had to fall in line. It compares the growth of deposits, which is a bank's life blood, in a sampling of "wholesale" and "retail" Wall Street banks. Banks that opened many branches and vigorously developed retail banking along with their wholesale business have increased their deposits much faster. Banks that have stuck pretty much to "wholesale" banking have grown only slowly since 1939. Many of them have even lost deposits in the postwar years, while retail banks have been showing gains.

Once upon a time, wholesale banking was the best way for the New York banks to increase deposits. But as the country grew, local banks grew too. Even though New York banks kept close relations with correspondent banks all over the country, big local banks got a lot of the wholesale business away from New York.

In Dallas, for instance, local banks have coped much of the load that used to go to New York. Ben Wooten of Dallas' First National will tell you there's no reason why the Southwest should have to rely on eastern banks for financing. On the coast, mighty L. M. Giannini rules the banking roost. And it's roughly the same sort of thing all across the map.

• **Economics and Government**—Thus as the banking system has matured, New York has lost some of its earlier dominance—partly through economic change, partly through government action. In the days of the elder J. P. Morgan, banks all over the country deposited their reserve funds in huge volume with the New York banks. But repeated bank panics showed the



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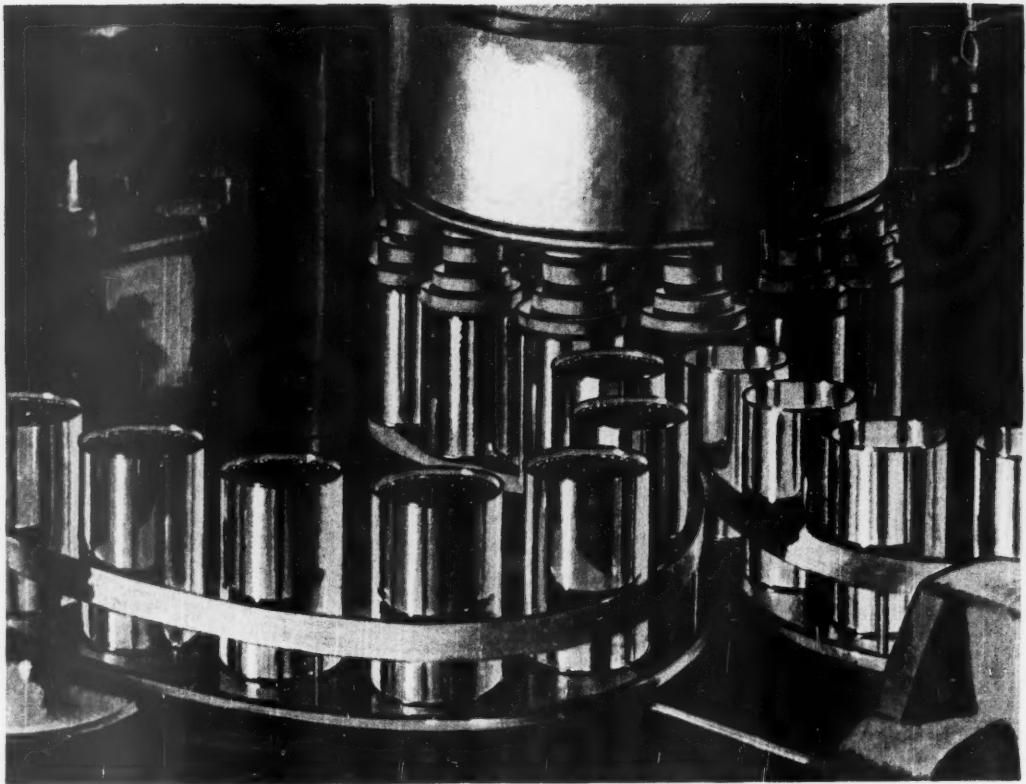
GONE is the need of the hunt for a fuse . . . and the mad scramble to the cellar in the dark. Now, the housewife can restore electrical service with merely a flick of the switch on her new circuit breaker. Safety for the home . . . with new convenience . . . patterned after the safety of industrial plants.

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weakness of this arrangement. Finally in 1917 the Federal Reserve banks took over all primary reserve funds.

The New Deal, too, did much to change the picture. For one thing, its policy of low-interest rates on government bonds brought down interest rates on corporate loans, a specialty of Wall Street banks. Higher income taxes, moving toward redistribution of wealth, left upper-income groups, who were the big banks' customers, in a relatively poorer position. Heavy estate taxes also hurt the banks' personal-trust business; smaller estates meant less in trust fees for the bank.

• **Fight for Business**—In the last few years, banks have had to compete fiercely for wholesale business. Big corporate borrowers today can usually pick and choose among different banks. They can also go to the life insurance companies, who every year have more and more money to lend.

This tug-of-war for business is the main reason Wall Street banks are going to the general public for business. Though it costs more to handle, retail business pays better. A bank that does a big volume of retail business will wind up with a better profit than one that confines itself to a smaller volume of predominantly wholesale business. Last year, for instance, net operating earnings of the three "wholesale" banks in the table were from 5.4% to 6.1% of invested capital. The three "retail" banks racked up earnings of from 6.5% to 7.9%.

• **Retail Means Branches**—Of course, you can't expect the retail customer to come down to Wall Street. Big scale retail banking means branches all over the city. And the easiest way now to get these branches is to absorb smaller banks. You not only get their offices, but you get their deposits too.



S. SLOAN COLT, president of Bankers Trust.

In the mechanics of merger, there's no rule that requires stockholders of the merged bank to take stock in your bank. They may prefer to get the book value of their stock, which is generally higher than its market price. You can, in effect, pay them off out of the assets of their own bank. In other words, you take over the liabilities and most of the assets of the bank, leaving it enough assets to liquidate at approximately book value. This is called a "liquidation merger."

A tidier method has been made possible by a 1948 change in the New York banking law. You can now pay off stockholders of the merged bank directly in cash. This is called a "cash merger." The Lawyers Trust-Bankers Trust deal will be the second cash merger in New York City. The other was the acquisition of Fulton Trust Co. by New York Trust Co. last year (BW—Aug. 6 '49, p.70).

• **Windfall**—Either method means that the stockholders of the merged bank get a nice windfall, since the market price of their stock is usually way below book value (the result of poor bank dividends compared with industrial yields). Thus rumors of bank mergers draw speculators the way sugar draws flies. Lawyers Trust stock was \$41 bid at the beginning of August and had been around that price for some time. As rumors of the merger got underway, the stock rose quickly. On Aug. 9, when the merger was officially confirmed by Bankers Trust, the stock was at \$55. After BT announced last week that it would pay appraised book value of \$68.09 per share, Lawyers Trust was quoted at \$65 bid, \$68 asked.

• **Chain Effect**—The deal set off rumors about other bank mergers, too. Brooklyn Trust Co., a perennial subject for merger rumors, was quoted earlier this



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week at around \$198 bid. Since Aug. 8, the day before the Lawyers Trust plan was announced, the stock had gained \$41. Brooklyn Trust's June 30 book value was about \$196.

• **No Panacea**—Retail branch banking, of course, is no sure-fire aspirin for the headaches of New York banks. There's a limit to how much retail business banks can attract, even in a metropolis like New York. By law, Wall Street banks can't operate outside New York City. And inside the city they will continue to get tough competition on the retail level from savings banks, Morris Plan banks, savings and loan associations, and finance and personal loan companies.

Besides, retail banks could run into trouble with state and federal bank authorities. The merger trend could go only so far before these officials would step in and halt it. The authorities feel that mergers to date (there have been 14 in New York City since 1940) have strengthened the trade. But they might feel differently if all the little banks were gobbled up and the big banks started to swallow each other.

Savings Policy

Bankamerica gives free life insurance as long as you keep up \$2 to \$20 deposits on 50-month plan.

L. M. Giannini's Bank of America, No. 1 U.S. commercial and savings bank and a master of "retail" banking (page 65) has come up with a new way to push the savings department of its many branches. If you will carry through a 50-month savings plan, the bank will give you free life insurance coverage during the 50 months.

In other words, if you die before completing the plan but have kept up regular deposits, the insurance policy will provide your beneficiary with the difference between what you have already saved and what you planned to save. Bankamerica calls these insured accounts "life-insured savings." They draw interest at the regular savings rate.

• **30-Day Grace**—You can make equal monthly deposits of from \$2 to \$20, aiming at a specified savings goal of from \$100 to \$1,000. You get a 30-day grace period to make the deposits. You don't get charged for insurance premiums as long as you keep up the deposits. But if you don't keep up the deposits, your savings account is charged for premiums which Bankamerica has paid up to that time for you.

Premium charges on a lapsed \$2 monthly deposit account run about

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says MR. W. C. HULSMAN
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MR. HULSMAN's business is *economical transportation*. To extract the last pound of payload from his equipment without sacrificing operating schedules and economies of operation, this set of frameless tanks was built of U-S-S COR-TEN. Here's what he says about it:

"We are extremely proud of this unit, since it is a six compartment train, pulled by a Kenworth Diesel, with a legal capacity of 7,920 gallons. We firmly believe that it is the finest piece of gasoline equipment in California . . .

"The frameless tanks have traveled 175,000 miles and not a single defect has shown up. All our other tankers, too, are made from Cor-Ten, and have traveled approximately 375,000 miles each, with no flaws apparent."

Deadweight has been turned into dollars in this tanker train. These frameless tanks carry 7,920 gallons of gasoline—one of the largest payloads in this field—420 gallons more payload than can be carried by a similar set using conventional trailer frames.

Frameless tank construction like this would not be feasible without the use of steel as strong and tough as U-S-S COR-TEN. By reducing weight and adding strength to this design COR-TEN makes it possible to increase payload capacity, and gives the equipment the necessary stamina to insure long time service.

Find out how you can apply U-S-S COR-TEN to *cut the weight and cut the operating cost of your equipment*. Find out how COR-TEN will reduce maintenance costs by its greater resistance to atmospheric corrosion, to road shock and wear. A letter to our nearest office will put you in touch with our engineers who will gladly give you all the facts about U-S-S COR-TEN.

Frameless construction made possible by the use of COR-TEN Steel increased this tanker's capacity by 420 gallons. It was designed and constructed by the Industrial Steel Tank and Body Works, using Reliance Trailer and Truck Company running gear.

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ROTOR. Finished rotor is sprayed with a special rust-inhibitor which covers the armature, shaft, and cadmium-plated fan used on smaller motor sizes. Larger motors have aluminum fans.

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3½¢ for each month the insurance had been effective. A lapsed \$20 account would accumulate premium charges at about 32½¢ a month. After the plan had been running 21 months, interest charges on the deposits would take care of any future lapses.

- **Anyone Under 46**—Anyone under 46 is eligible. No physical examination is required, but the individual may be asked to sign a paper stating he's in good health.

Bankamerica says it's putting in this plan to comply with the Treasury's request that banks help fight inflation.

The plan ties in nicely with the Transamerica group's insurance activities. For the insurance is provided by a group policy which Bankamerica carries with Occidental Life Insurance Co. of California. Occidental is a subsidiary of Transamerica Corp., which also owns working control of Bankamerica.

FINANCE BRIEFS

New issues of corporate securities were \$2.2-billion in the second quarter, \$250-million less than the same period last year.

A reorganization plan for Central States Electric Corp. finally won a court O.K. after eight years. The plan calls for liquidation of Central States' principal subsidiaries, American Cities Power & Light and Blue Ridge Corp., both closed-end investment trusts. An open-end investment company would be formed to take over their assets.

Sell-lease deals are still going on. W. T. Grant Co. has just sold several of its retail stores to New York Life Insurance Co. on a leaseback basis.

Property insurance companies were warned by California insurance commissioner Wallace K. Downey that they will have to apply posted rate reductions to all eligible policies. Downey says he has found inconsistencies in applying rate changes.

Transamerica Corp., No. 1 bank holding corporation, reported earnings of \$9.6-million for the first half, about 14% above the same 1949 period.

Georgia is considering a simple way to levy its state income tax: Collect 10% of whatever residents pay in federal income tax.

City tax gimmicks: Phoenix, Ariz., has a \$200 annual license tax on private clubs that sell liquor. Oceanside, Calif., bills each homeowner 50¢ a month in sewer charges.



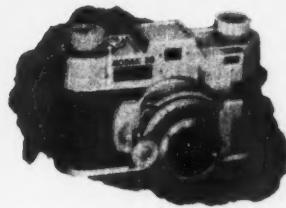
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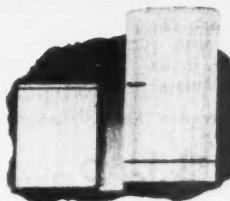
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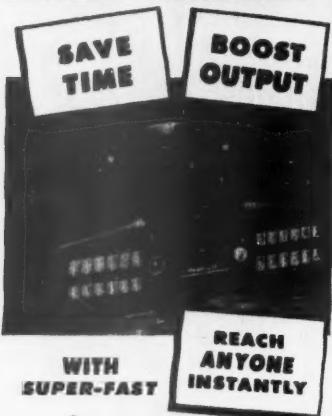
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THE MARKETS

The Korean Market: Peace-Babies Fade, War-Babies Take Over

12 Peace-Babies

1950 Price Range		Pre-Korean	Recent	Percent Cha	
	High	Low	Level	Level	from Pre-Ko
Amer. Can Co.	\$120.37	*\$90.12	\$114.75	\$93.00	-19.0
Amer. Home Products Co.	34.75	*27.00	32.25	27.37	-15.1
Amer. Power & Light	22.37	*12.00	21.37	13.12	-38.6
Chrysler Corp.	81.00	*62.50	80.00	67.12	-16.1
C.I.T. Financial Corp.	68.50	*42.25	65.00	48.75	-25.0
Cleveland Elec. Illum.	47.50	*38.37	45.37	39.25	-13.5
Coca-Cola Co.	165.00	*119.00	153.00	121.75	-20.4
Int. Bus. Machines	240.00	*185.00	235.00	203.00	-13.6
Johns-Manville Co.	51.50	*36.50	49.00	39.50	-19.4
Minnesota Mining	128.50	*94.00	125.50	106.50	-15.1
Monsanto Chemical	70.25	*54.00	69.62	58.00	-16.7
Radio Corp.	23.25	12.25	22.00	17.75	-19.3

12 War-Babies

Amer. Car & Foundry	*31.87	22.00	23.87	31.62	+32.5
Amer. Woolen	*35.75	21.87	24.00	33.87	+41.1
Atlantic Coast Line	56.00	41.00	46.25	53.75	+16.2
Bath Iron Works	*25.75	14.87	18.00	22.50	+25.0
Boeing Airplane	35.25	22.87	27.25	34.87	+28.0
Grumman Aircraft	*36.62	18.75	26.50	35.62	+34.4
Mack Trucks	*17.37	11.62	13.62	16.87	+23.9
New York Air Brake	*36.00	24.75	26.62	36.00	+35.2
New York, Chi. & St. L.	*123.25	90.00	101.00	123.25	+22.0
Pacific Mills	*41.25	28.62	33.75	40.87	+21.0
Western Union	*37.75	19.62	27.00	36.12	+33.8
White Motors	*23.75	15.12	18.62	23.00	+23.5

*Registered in "Korean Market."

Double Reverse in the Market

What looked good in the peace boom doesn't look as good now. And stocks of companies that were having trouble but have good war-production prospects are doing fine.

The market—if you go by the averages—is just about back where it was before Korea. But it's a very different market.

Early this week the Dow-Jones composite average of 65 stocks was 99.9% of its level on June 23. Standard & Poor's index of 90 stocks was only about 2% below its June 23 level. But if you look at a sampling of stock issues, you'll find that many of the peacetime bull market favorites have been eclipsed. And many stocks that were way in the background during the pre-Korea bull market have now moved into the limelight (table).

• **Double Reason**—The two controlling factors that have shifted the stage are: (1) The demands—and side-effects—of war production; (2) the impact of

the excess profits tax—everybody expects it before long, but nobody can guess at its extent.

War production and higher taxes will hurt most of the companies that did well in the civilian-goods boom of early 1950. Allocation of raw materials will cut into their sale of civilian goods. Even if their production lines can be converted to military uses, they usually won't get the profit margins they had in peacetime. And they'll pay higher taxes.

But it's a different story for many companies that haven't done especially well under peacetime conditions. War production means that such concerns may be able to operate at peak capacity. And in some cases these "war babies" will get off relatively lightly.

when an excess-profits tax goes into effect.

But the picture is not all black for the "peace babies," or all rosy for the "war babies." Some of the peace stocks that lost heavily at first have regained a lot of their Korean losses. Meanwhile, "war babies" that had made big gains are now running into profit-taking.

Just the same, a look at the table will tell you a lot about how the market expects a limited-war or total-war economy will affect earnings of different stock groups.

• **Boom Babies**—The two main cornerstones of the peacetime boom were automobile production and building. So it's natural that companies which rely on these industries should suffer in a war economy. Finance companies such as C.I.T. Financial Corp. center their operations on financing the purchase of durable civilian goods, mostly cars. They can't convert to war production. And they may not have many cars to finance, later on.

Chrysler Corp., like other auto makers, may get big military orders. But that kind of business isn't too profitable, and they'll be vulnerable to excess-profits tax anyway. While they're waiting to make the military change-over, their raw materials for civilian cars could be seriously curtailed.

• **Building Supplies**—Johns-Manville and other companies that make building materials don't even have the prospect of getting much government business. But it's pretty certain they will lose a good deal of civilian business.

The inflationary possibilities of a war economy hurt the prospects of utilities, such as American Power & Light or Cleveland Electric Illuminating. War means inflation sooner or later. But it doesn't guarantee that public-service commissions will be quick to boost rates to match rising costs. These companies are already operating at peak capacity. And they are vulnerable to excess-profits tax.

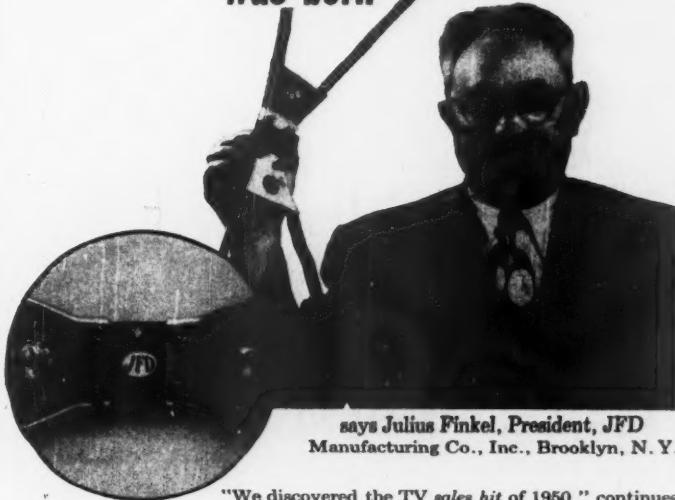
• **War Babies**—The same conditions that hurt earnings of some industries will boost others. There are the railroads, for instance. They're now ordering a lot of rolling stock from the rail-equipment manufacturers.

The rail-equipment people, whose business was in the doldrums last spring, are now getting orders from railroads and from the government. That's why you see jumps in stock like American Car & Foundry and New York Air Brake.

• **Planes, Trucks, Ships**—Other industries and companies that had been operating way below capacity will get big boosts in production. So stocks like Boeing Airplane, Mack Trucks, and Bath Iron Works (shipbuilding) are in the war-baby column.

"We tuned-out habit-it's

and a new TV sales star was born"



says Julius Finkel, President, JFD
Manufacturing Co., Inc., Brooklyn, N. Y.

"We discovered the TV sales hit of 1950," continues Mr. Finkel, "when we rang the bell on habit-thinking in our plant—and engineered a new television antenna with built-in Lightning Arrester to protect TV sets against lightning and static charges."

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August, 1939 ..	98.6	93.5	100.3	104.3	99.0	96.3	100.6	100.4	
July, 1941 ..	105.3	106.7	104.8	106.1	97.1	107.4	107.4	103.7	
July, 1942 ..	117.0	124.6	125.3	108.0	96.7	115.6	122.8	111.1	
July, 1943 ..	123.9	139.0	129.1	108.0	95.9	118.9	125.6	116.1	
July, 1944 ..	126.1	137.4	138.3	108.2	95.9	123.2	138.7	122.0	
July, 1945 ..	129.4	141.7	145.9	108.3	95.2	126.7	145.6	124.3	
July, 1946 ..	141.2	165.7	158.7	108.7	92.1	133.8	157.9	128.2	
July, 1947 ..	158.4	193.1	184.7	110.0	91.7	146.6	184.3	139.5	
July, 1948 ..	173.7	216.8	197.1	117.3	94.4	185.0	136.3	195.9	150.8
July, 1949 ..	168.5	201.7	188.5	120.7	96.9	183.1	139.9	186.8	154.3
August ..	168.8	202.6	187.4	120.8	97.1	183.1	141.1	184.8	154.8
September ..	169.6	204.2	187.2	121.2	97.1	185.9	141.5	185.6	155.2
October ..	168.5	200.6	186.8	121.5	97.0	188.3	145.6	185.2	155.2
November ..	168.6	200.8	186.3	122.0	97.0	190.0	146.6	185.4	154.9
December ..	167.5	197.3	185.8	122.2	97.2	191.6	145.5	185.4	155.5
January, 1950 ..	166.9	196.0	185.0	122.6	96.7	193.1	145.5	184.7	155.1
February ..	166.5	194.8	184.8	122.8	97.1	193.2	145.5	185.3	155.1
March ..	167.0	196.0	185.0	122.9	97.1	194.4	146.6	185.4	155.0
April ..	167.3	196.6	185.1	123.1	97.2	195.6	146.6	185.6	154.8
May ..	168.6	200.3	185.1	123.5	97.1	189.1	146.6	185.4	155.3
June ..	170.2	204.6	185.0	123.9	97.0	189.4	146.6	185.2	155.3
July, 1950 ..	172.5	210.0	184.7	124.4	97.0	190.9	146.6	186.4	156.2

Tice grouped with "other fuels" prior to 1948. Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

Price-Wage Race Speeds Up

BLS price index soars 2.3 points in less than a month since Korea. Unions—and some employers—press for early bargaining to catch wages up to prices before a wage-price freeze.

A leap in consumer prices has carried the cost-of-living index up 2.3 points to 172.5. That's the sharpest rise since April, 1948.

In the period June 15 to July 15 initial effects on the domestic economy of the Korean war boosted food prices a whopping 5.4 points—from 204.6 on the index to 210. That was enough to jack up the whole index, making it look as though it was riding an inflationary spiral.

• **Demand to Bargain**—With a pretty fair idea of what the figures were going to show, a top-level delegation of labor leaders called on President Truman just a day before the index was made public. They asserted that while retail prices had increased 13% since the Korean outbreak, wages had not shown anything like a comparable rise. They feared that if wage and price controls were clamped on simultaneously, it would freeze what they consider an

inequitable relationship. They demanded that wage bargaining be permitted to go on unimpeded until the wage-price gap is closed.

Truman is reported to have been sympathetic with their views. Although the President's position should surprise no one, it did have the effect of putting what amounts to an Administration blessing on a new wage drive and of encouraging the unions to start moving fast.

Wages that are set by contract terms for definite periods can never be as flexible as prices. Even a cost-of-living adjustment mechanism, such as the General Motors contract provides, must wait for prices to move first before it's set in motion. Thus in a period of rising prices, wages inevitably lag behind prices. Labor leaders are aware of this. So they actually want to do more than bring wages and prices back to their pre-Korea balance. This time they want

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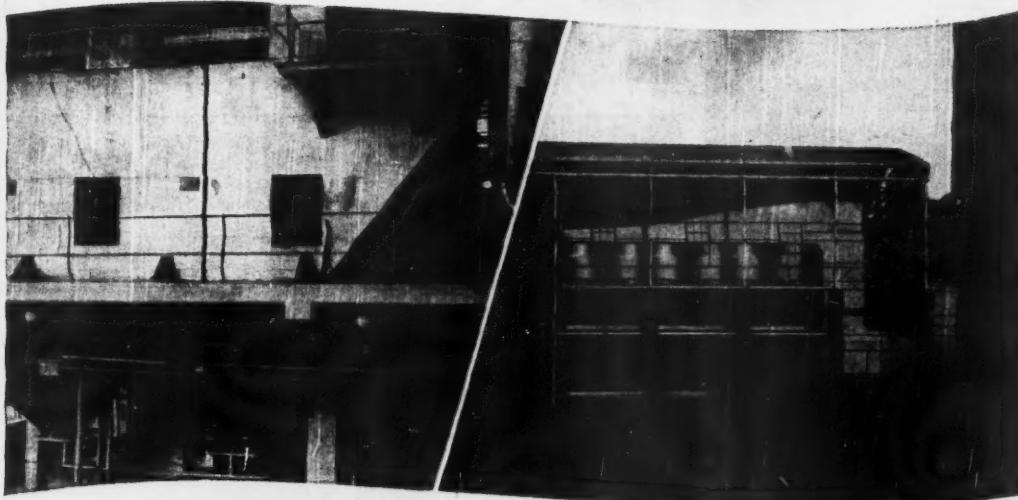
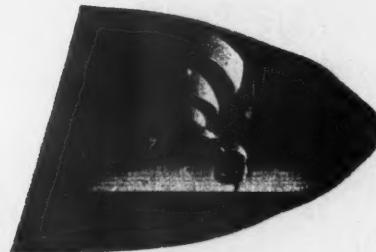


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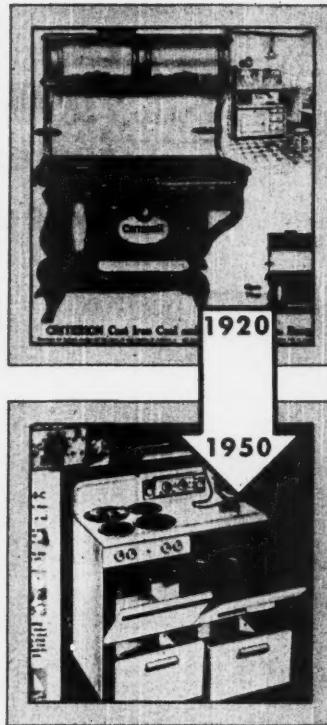
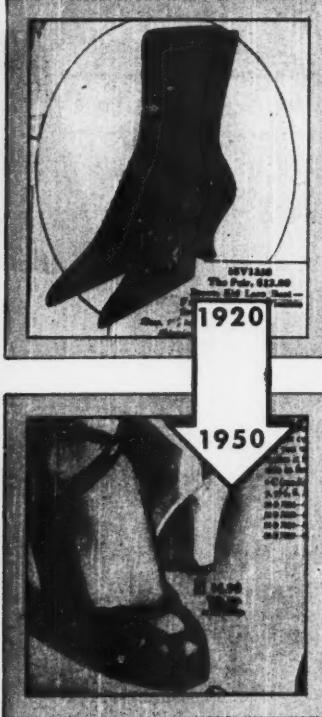
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Engineered Efficiency in Dust Collection

What Makes Up The Cost-of- Living Index?

Mainly it's food, rent, fuel, household furnishings, and clothing.

Over the years, as new products and new tastes create new needs, the Index must be changed accordingly. BLS tries diligently to measure exactly what it costs a worker to live.



to leapfrog wages ahead of prices by a safe margin.

Unions are impatient to get 1950-1951 bargaining under way immediately. The auto union's pressure on Ford to open a contract which runs through the rest of the year is only the most publicized case of what has become common.

Employers Agree—Some employers share labor's interest in making wage adjustments now. Timken Roller Bearing invited its unions this week to come in and talk about wage increases, even though contracts won't expire for another four months. Employers who

move to go along with the let's-bargain-now position of the unions have a number of considerations in mind. Among them are apt to be these:

- The price level is going to keep on going up. We can make a better deal bargaining from the present price levels than we'll be able to make by the end of the year.

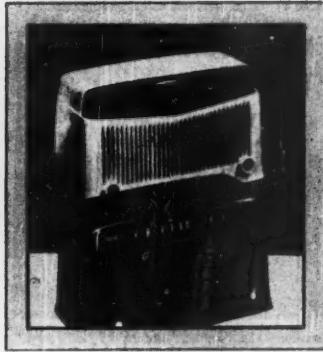
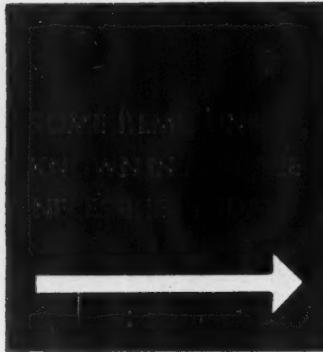
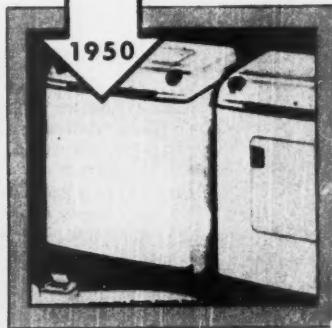
- Labor is going to get scarce, and there may be a wage freeze. We don't want our wage rates locked at an inferior level when profitable operations may depend on our getting and holding manpower.

- Labor feels it's getting caught in

an economic squeeze. Some unaccountable wildcat strikes are being reported, and there is discontent in the workshops. Productivity might suffer if we let this thing ride.

- There may be new advantages in a long-term, General Motors-type contract. It might let us stay out of the clutches of a new War Labor Board which will be making some unpredictable decisions.

- **Wages Sneak Up**—Meanwhile, without anyone doing much, wages are inching up. Average weekly earnings for the month ended July 15 stood at \$59.02—an all-time high. They were up



20% over the previous month—without any reported increase in overtime.

The rise in the e-of-l index brought General Motors employees—and thousands of others working under copies of the GM contract—a 5¢ an-hour boost. It will go into their pay envelopes in September.

Despite the fact that pattern-making contracts in steel, auto, and other mass-producing industries do not expire before the turn of the year, it seems clear that a major stepup in the nation's wage level is getting under way.

- **Not the Same Index**—With so much attention again focussed on the e-of-l

index, it is important to note that it isn't quite the same statistical compilation it was during World War II. During the war, some items had to be dropped from the list of goods priced, and the weighting of others was cut because of their scarcity. Most of those items have straggled back into the index since then.

The biggest postwar change in the index occurred when Congress cut the BLS budget in fiscal 1948. Because of reduced funds, the bureau now collects prices, with the exception of food, only quarterly in most cities. Rents, instead of being priced by interviews, are

mostly collected by mail questionnaires. The number of items priced has also been reduced.

This less thorough pricing job is certain to open the index to attack in the period ahead. During World War II, the unions insisted that the index was not truly reflecting price movements. It is almost certain they'll be taking the same line again, basing their charges on the fact that BLS is doing a skimpier job. BLS, however, says that its index is as good as it ever was; that improved statistical techniques have kept it accurate even though data isn't as plentiful.

Union to Expand

Going into Korea, union memberships have probably dropped below 15-million. War growth probably won't repeat.

War inevitably increases the power of organized labor:

- Labor's leaders are cultivated by the authorities; their cooperation is deemed essential.

- Labor's counsel is sought after; wide support of government's policies is most easily achieved when labor has a voice in their formulation.

- It gets high-level government jobs; necessary, but distasteful, regulations meet less resistance from workers if they are administered by union officials.

- Its demands on management, with a strike threat implied, can be harder to reject; an employer who appears stubborn will have has patriotism questioned, and he risks government disfavor.

- Its membership grows.

And this last, in the long run, may be the most important effect on the labor front of events set in motion by Korea.

Here is the situation with union membership today:

On the threshold of a war economy, union leaders expect that organized labor will grow in power and in numerical strength. This would come about with the expansion of industries that are fairly well organized. Unorganized pockets in these industries may be mopped up. White collar workers, who did not fare so well in the last war as the men and women in mine and mill, may be more amenable to organization this time if the overtures are made.

• **15-Million, More or Less**—The most reliable estimates of total union membership in the U.S. today range from 14-million to 16-million. The higher figure allows for an unsupported claim of 6-million members in CIO unions.

According to the Bureau of Labor Statistics, CIO reported a total membership of 6-million in 1945, 1946, and 1947. CIO omitted totals from its 1948 and 1949 reports, but in their speeches CIO leaders continued to use the 6-million figure. Financial reports, however, indicate the total is closer to 4-million.

Besides the loss of the expelled Communist-run unions, the CIO has lost strength heavily in shipbuilding, maritime, and rubber, because of the contraction of those war-stimulated industries. It has also lost ground in textiles. The CIO Textile Workers Union ad-



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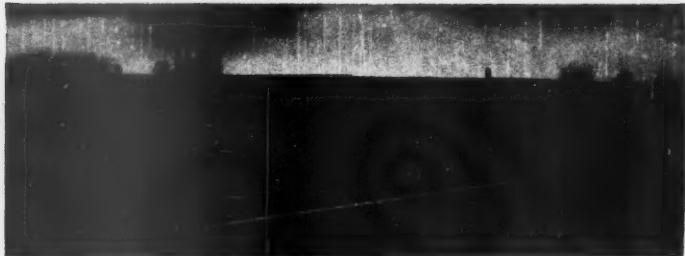


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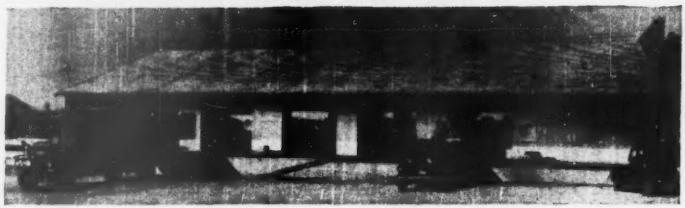
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mits to fewer members in the South than it had when the southern organizing drive started. That does not mean the southern drive was an utter loss. Without it, the decline in members probably would have been greater.

• **Bogged in '47**—Leo Wolman, Columbia University professor of labor relations, estimates in a summary of his monograph on a half-century of union membership that the large postwar organizing spurt ended in 1947. In that year members in the U.S. numbered nearly a million and a half more than in 1944, bringing the total to 14.1-million. In 1948 and 1949 the number rose only slightly, perhaps as much as 200,000, probably no more than 100,000, Wolman says.

While the CIO claims probably are excessive, there is evidence that the official AFL totals underestimate membership. The AFL figures are based on per capita dues payments to the federation. A few unions may overpay, but there is a good deal more underpayment. The teamsters, now claiming to be the largest union in the country, reported more than a million members to BLS last year but paid dues on only 625,000. The Carpenters and the International Ladies Garment Workers also pay on less than their total membership.

AFL is reliably credited with about 8-million members, but not all of them are in the United States. There are some 675,000 Canadians who pay dues to U.S.-based unions. Most of the Canadians are in AFL unions, though CIO and the United Mine Workers account for some.

• **AFL Decline**—Taking the AFL per capita figures alone, a decline in union membership is evident. A peak of 7,578,000 was reached in 1947. Last year it was down to 7,241,000.

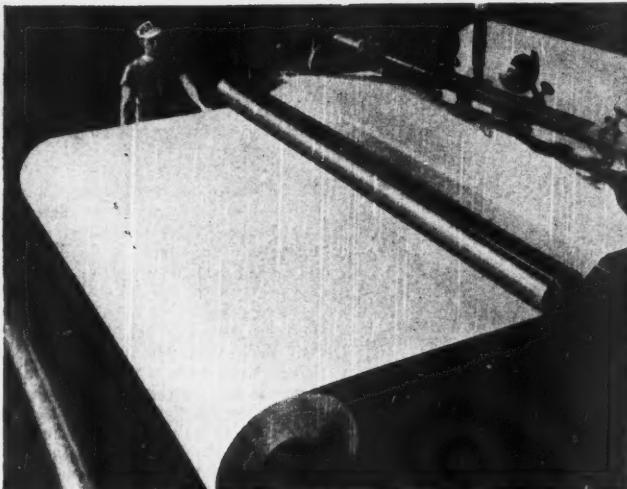
At its 1949 convention, AFL determined to enroll a million more members. The report to the 1950 convention will show that the gain was only 100,000, more or less. Even allowing for four more months of 1950, the gain will nowhere approach the goal of a million new members, unless the International Assn. of Machinists takes its 550,000 members back under the federation.

Unions not affiliated with either federation have about 2-million members. Thus there is ample evidence that the surge of unionism has lost most of its force in terms of a peacetime economy. A leading AFL official's view is: "We've got the bulk of the workers that are responsive to organization. As war work gets going, new members will come in at something resembling the wartime increase."

• **Expansion Limited**—During the defense and war years, organized labor added 6-million or 7-million members. Unions can hardly expect to add new

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members at that rate again, because the work force won't expand as fast as it did in the 40's. The huge unemployed pool of 1940 is not there to draw on.

A growth of three to four million is possible if shipbuilding, shipping, aircraft, rubber, and other lines go on a war footing. The possibilities of new, permanent growth, such as the service industries, remain unexploited. This is one of the spots where the going is stickiest. The people are not "responsive," but another wartime economic pinch could make a difference.

LABOR BRIEFS

Wage hikes in new contracts with CIO's textile union reflect the improved outlook of the textile industry. The union signed for a 13¢ an-hour boost at Industrial Rayon, a 10¢ raise at Delaware Rayon, similar boosts with other employers covering 26,000 synthetic yarn workers.

The Pullman porters' union—the International Brotherhood of Sleeping-Car Porters (AFL)—celebrates its 25th anniversary this week. It's reputation: the union most loved by its members.

Industrial Relations Research Assn.—a group supported by industry, labor, and the public—will meet Sept. 6 at Pennsylvania State College. The meeting, which is in conjunction with the Society for the Psychological Study of Social Issues, is under the chairmanship of George W. Taylor, ex-chairman of the National War Labor Board.

Senate labor committee hearings start Sept. 5 on whether there should be a new agency to handle labor disputes. If you have views on whether the National War Labor Board, or something like it, should be reinstated, you can ask Sen. Murray, committee chairman, for a chance to be heard.

Armour's 11¢ wage hike seems to be setting the pattern in the meat-packing industry. Hormel has just signed a similar deal.

Boeing people from Seattle are working Cincinnati and other midwestern communities looking for skilled workers for jobs on the Coast.

The Pictures—Cover by Charles Rotkin. Acme—22 (top rt); Rus Arnold—22, 23; Harris & Ewing—19 (ctr, rt); Int. News—19 (lt), 23 (top lt), 24, 89 (rt); Robert Iscar—58, 59; Sovfoto—92; Transatlantic—90; Wide World—19 (ctr lt, ctr rt), 62.



This trim, smart handsomeness is *ready-made* for you



Hauserman Movable Steel Interiors are used throughout the new Brotherhood Building. Architect: John D. Maultshy.

There's a special, clean-cut attractiveness in Hauserman *Movable Steel Interiors* . . . a modern beauty that is factory-built into units exactly suited to your needs. Typical of the Hauserman installations being made in many of America's newest structures is the one shown above, in the Brotherhood Building, Kansas City, Kansas.

Some of the Hauserman interiors in this building were completely installed, ready for business operations, 48 hours after floor plan layouts were determined by tenants!

Hauserman *Movable Steel Interiors* are equally adaptable to new or already-established structures, large or small. They are completely pre-fabricated before shipment to their destination, including beautiful, durable decorating schemes that are individually chosen for each job. And they assure efficient utilization of all floor areas at all times because they can be quickly and inexpensively moved . . . often in just a few hours.

The new fully illustrated 60-page Hauserman *Movable Steel Interior* catalog giving complete details will be sent on request. For prompt, personal service, write or call the Hauserman office or representative nearby, or directly to *The E. F. Hauserman Company, 6921 Grant Avenue, Cleveland 5, Ohio.*

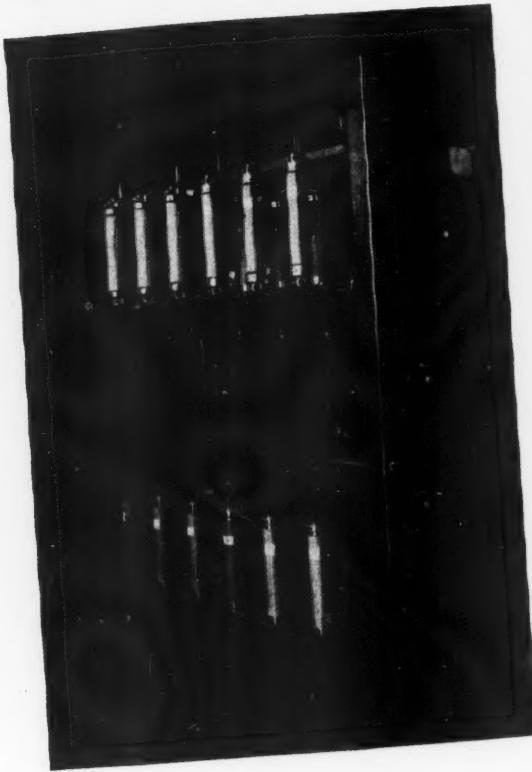


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AND EVEN THAT IS NOT THE WHOLE STORY. In 1939, Pickering's connected load was 3400 horsepower —

and the power system was fully loaded. Yet by installing an additional 400 kvar of capacitors in 1946, they were able to add 2100 horsepower of connected load.

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INTERNATIONAL OUTLOOK

BUSINESS WEEK
AUGUST 26, 1950



Washington now feels sure of a victory in Korea. And that's reviving talk of pushing the Korean Communists beyond the 38th parallel.

The State Dept. isn't taking this line yet. But one of Truman's top personal advisers has been won over. He has joined the school which believes the Communist threat must be smashed on the battlefield. Then the Red leaders would be jailed and tried as war criminals.

This school thinks that if U. S. forces halt at the 38th parallel, the Communists will get away, only to try all over again.

If Truman decides on a complete cleanup in Korea, the U. S. would have to go to the United Nations for approval.

Whether the U. S. would get an O.K. is another matter.

Prime Minister Nehru, for one, still wants a Korean settlement in the U. N. before there's one on the battlefield. What's more, Nehru wants to bring Communist China in as one of the peacemakers.

So India is sure to oppose any U. S. plan to mop up all of Korea.

More U. S. troops may be sent to West Germany once the Communists in Korea have been licked.

Washington isn't firm about this yet. But top officials in both State and Defense think it may be necessary.

For it's pretty plain that American reverses in Korea have scared Western Europe.

West Germany's Chancellor Konrad Adenauer has said publicly that the Germans aren't too sure the U. S. can handle Russia.

And France has appealed officially to the U. S. and Britain to send five extra divisions each to Western Europe.

The rearming of West Germany itself still is bogged down.

The British government is thinking of placing munitions contracts in the Ruhr. Also, London is about ready to agree that West Germany should have a small army of its own.

France, on the other hand, refuses to budge on German rearmament. The French position is "No arms for West Germany until France has been rearmed."

Internal French troubles meanwhile prevent a serious defense effort.

The new Pleven government seems to have settled the minimum wage issue. But there are still the explosive problems of the budget deficit, higher taxation, inflation.

There's a deeper reason for France's military weakness.

The majority of French politicians and a large segment of the French people want to be neutral in the cold war. They don't believe that Western Europe can be defended against a Russian attack.

There are strong groups in France which oppose neutrality, of course.

Gen. de Gaulle and his followers are beating the drums for full-scale rearmament. The general, though, would rearm France independently, make no commitments to either the U. S. or Britain.

Then there's a group of French politicians favoring a loose Atlantic fed-

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
AUGUST 26, 1950

eration. They don't expect to build such a federation overnight, but urge two immediate steps:

(1) Raising a unified Atlantic army, navy, and air force by uniform conscription throughout the Atlantic community.

(2) Getting a U. S. guarantee of continued economic aid so that Western Europe can have a rising standard of living as well as armed strength.

European members of the Atlantic alliance are pushing for a renewal of lend-lease. The British have offered their European neighbors military equipment free if the U. S. will do the same.

Unless the U. S. revives the lend-lease technique, say European defense officials, there's little chance of boosting Western military might.

Washington is going slow on this proposal, though. U. S. officials first want to see the Europeans pulling a little more weight themselves.

Britain's royal ordnance factories are getting big new arms contracts. These state-owned plants will soon be dropping most of their civilian production. Also they will add more work shifts.

Civilian industries in Britain are getting government contracts, too. That's sure to mean a shrinkage in British exports by the end of 1950.

As an offset, London hopes to get U. S. military aid in the form of "free dollars"—hard cash that can be spent anywhere.

The British Commonwealth is pushing ahead its plans for long-term economic development in Southeast Asia (BW-May 20'50, p136).

Commonwealth ministers will meet in London in October. There's hope that Burma, Indo-China, and Indonesia will come, too.

The conference will have two big jobs: (1) mapping a feasible five-year plan for economic expansion, and (2) finding the Western technicians to work with Southeast Asian governments.

It's not just the U. S. that's building up its stockpiles of strategic materials (page 89). Russia, too, has been buying heavily.

Recently Soviet buyers grabbed off 40,000 tons of Malayan rubber. Moscow's men will be on hand next week when the Australian wool auctions open in Brisbane. Last spring they dominated the Brisbane market.

The Russians also have stepped up their purchases of industrial equipment—ball bearings, metals, rubber compounds.

That's why the Allied High Commission in West Germany has taken back some of the export reins recently handed over to the Bonn government. Potential war goods were moving from West Germany to Russia via Soviet satellites.

But Bonn charges that this is discrimination. It says the same kind of goods are reaching Russia from other Marshall Plan countries.

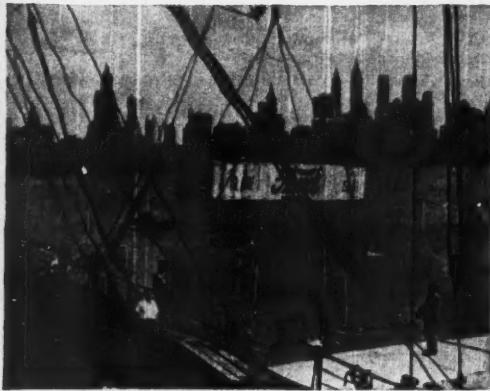
British goods will soon get a better break in the Brazilian market.

A forthcoming Anglo-Brazilian trade deal calls for an exchange of goods worth about \$280-million—British consumer and capital goods for Brazilian raw materials and food products.

Right now Brazil's imports of British goods are pretty slim. Reason: The Brazilian treasury is short of sterling, hence restricts purchases.

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BUSINESS ABROAD



EXPORTS: Foreigners want U.S. goods now, fear war pinch.



IMPORTS: Stockpile needs make U.S. heavy buyer abroad.

Korea Brings Surge in World Trade

Global scare buying touches off stream of orders for U.S. goods. U.S. counters with stepped-up buying for stockpiles.

In New York last week a banker talked about the surge in imports: "This rush for import letters of credit is just like the rush of housewives to the A&P to stock up on sugar."

The banker, of course, was talking only about imports. But he could have included exports and the whole pattern of U.S. foreign trade. For since Korea, the prospect of world war has touched off something that looks like global scare buying.

• **Overseas**—Abroad, the dollar has come out of hiding. Foreign governments, wary of the shortages and inflated prices that U.S. rearmament may bring, have loosened their dollar reserves and upped import quotas for American manufactured goods. Traders have switched from holding dollars to holding commodities. The prospect of inflation has even brought a flutter—but not yet a flight—from dollars to gold. European holders of dollar balances in the U.S. today are buying gold at a rate as high as \$80-million a week. Since the end of last year, the U.S. gold stock has shrunk by \$750-million.

• **Domestic**—At home imports have surged—partly under the impact of stepped-up buying for the strategic-materials stockpile. In June the U.S. stockpile, valued at about \$1.5-billion, was only 38% of the way to its goal. Over the next few months buying is sure to mount sharply, perhaps by \$500-million before the year is out.

Imports of nonstrategic materials

are climbing, too. Foodstuffs—cocoa, coffee, tea, spices, sugar—are in heavy demand. There's even a greater demand for finished goods from abroad—cars from Britain, machines from Germany.

• **Changed Plans**—The prospect of big orders from the U.S., of course, has had a lot to do with foreign plans for more buying.

Here is what some of the countries have done already:

Colombia has O.K.'d an extra \$13-million for imports of "supercritical" materials; Argentina has expanded its list of "essential" imports to \$267-million; Brazil is said to be planning a \$150-million import stockpile, and has eased restrictions on car, Jeep, and agricultural-machinery buying; India has given the green light to big offshore purchases of metals and chemicals.

• **Hitch**—There's one hitch, though, to all this heavy-buying thinking: U.S. exporters just can't fill the flood of orders for steel, tin-plate, and assembly-line products.

Companies seem to be losing interest in their export sales. Some have even canceled advertising to foreign markets. Delivery dates are being moved further and further ahead. Dealers with full warehouses are holding out for higher prices; and already there's a gray market on the horizon.

• **Foreign Demand Up**—Steel demand, for example, is tremendous. Some U.S. companies aren't taking any overseas orders for 1951 delivery of tin-plate,

galvanized sheets, cold rolled sheets. More of these products are being used at home for defense production. Overseas prices for steel are nearing U.S. levels, with peak demand hitting Belgian and West German mills.

Demand for farm machinery and trucks is also heavy abroad. Orders are increasing steadily, particularly from Latin America. International Harvester has stretched delivery dates up to four months; Caterpillar won't promise foreign delivery before six to eight months. Big orders for trucks are coming in from south of the border. Around the trade you hear comments such as these: "Demand is out of all proportion to what the situation warrants." Our inventories are exhausted—we could sell twice what we're selling now."

In other lines such as radio equipment, electrical machinery, typewriters, sewing machines, and paint, demand is up and inventories are draining off.

And as long as the U.S. continues mobilization, inventories aren't apt to increase much. Heavier demand at home is almost sure to bring export controls before the year is out.

• **Foreign Prices Up**—While foreign buyers face shortages of U.S. goods, importers here are running into higher prices abroad—for just about everything. Prices of tin and rubber, key stockpile items, have bounced crazily. Pepper has hit the highest price ever and is in short supply. Cinnamon, which sold for 19¢ a lb. in New York before Korea, now sells for 50¢ a lb.—if you can find it. Cacao prices are advancing steadily. Coffee prices have stabilized, but at a high 55¢ a lb.

These prices show that the problem

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A Cleco Field Engineer suggested a complete re-piping job. Pipe of the correct size and new Cleco valves and couplings eliminated leaks and increased pressure at the tools to 90 lbs.

Production was stepped up 400%. Air consumption was reduced — requiring one compressor when two were previously needed. Costs were cut more than \$90 per day — paying out the total investment in 25 days.

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of foreign surpluses has all but vanished. Not long ago, the world's sugar producers were afraid they'd be caught with millions of tons of sweet stuff and no buyers. Now no one's worried about that surplus. Not long ago some U.S. oil producers were having fits about oil imports, pressing hard for quotas or tariff boosts. Korea has all but killed that issue, too.

• **No Bridge for Dollar Gap**—As for the dollar gap: Don't count on its closing—at least not permanently. There's talk that increasing dollar reserves overseas will put international trade back on a healthy basis—with other countries buying no more from us than they sell. True, this year the "gap" has been narrowing; it was running at an annual rate of \$1.8-billion in June. That's a striking improvement over 1949, when the gap was \$5-billion. And it's sure that stepped-up U.S. stockpiling—at rising prices—will narrow the gap even more. Further, if U.S. exports sag under the weight of controls, there will be even more dollars in foreign central banks.

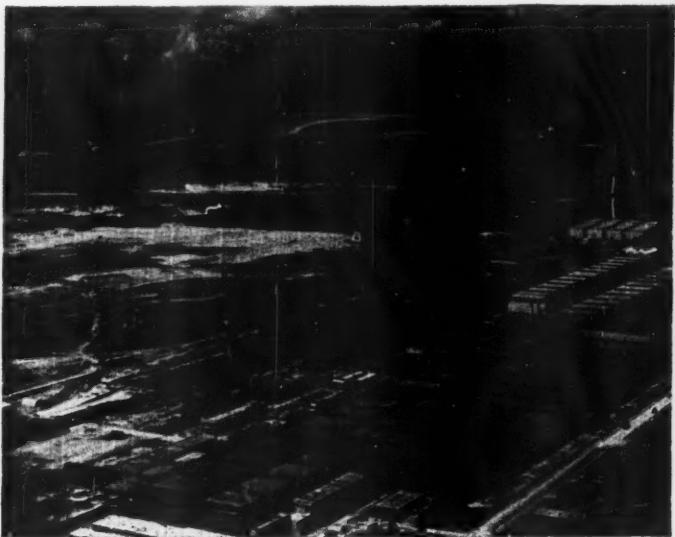
But not all countries are going to benefit from U.S. buying. Latin America, Australia, South Africa, and Indonesia will come close to balancing their trade with the U.S. But apart from Britain, with generous supplies

coming in from its colonies, the Marshall Plan nations will continue to be a worry.

• **Rearmament Dollar Drain**—Acting ECA Administrator William C. Foster thinks that Europe's dollar position will actually get worse in the coming year, rather than better. He believes that Europe will have to convert much of its industry from production of dollar-earning roadsters and cashmere sweaters to tanks, guns, and army uniforms for its own defense.

Rearmament threatens to rip the whole network of European recovery apart—just as the Marshall Plan begins to pay its biggest dividends. And that will mean another big problem for the U.S.

Washington economists believe that it's vitally necessary to keep multilateral trade going in Europe. They think that Europe can keep exporting even while rearmament presses forward—as long as there's plenty of U.S. help. That means the U.S. will have to continue to funnel food and machinery to Europe, help out with the supply of military equipment, and buy as much abroad as possible. The alternative is the loss of export markets so laboriously built up since the war—plus lowered living standards that invite communism.



Britain's Big Steel Almost Complete

The biggest single job in Britain—and the biggest steel works in Europe—is rapidly nearing completion at Margam, South Wales. It's the new plant of the Steel Co. of Wales (owned by four British steelmakers), stretching over 550 acres that four years ago were nothing more than marshes

and sand dunes. The plant will be operating in less than a year; it has a three-quarter-mile long strip mill that can turn out 1.5-million tons of finished steel annually. Nearby there's a deep sea basin where ships from North Africa, Sweden, Canada can unload iron ore.



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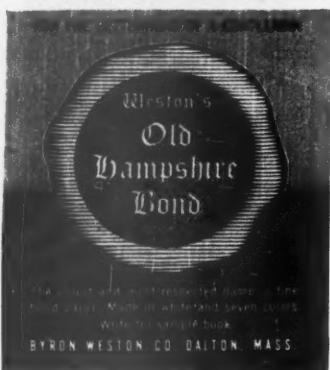
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BIG STEEL in Poland may be twice as big in 1955—with help from Russia.

Poland Expands for Extinction

Russia's biggest satellite is apt to be the first to be incorporated in the U.S.S.R. That's why an expansion of heavy industry there now has the green light under ambitious Six Year Plan.

From all indications, Poland is once more going to lose its identity as a nation. Soon—perhaps as early as next spring—Russia will take the first steps toward formally annexing Poland as a member of the U.S.S.R.

Actually, Poland will probably be only the first of the satellites to become part of the U.S.S.R. The Kremlin decided as long ago as the fall of 1948 to incorporate all its eastern European satellites except East Germany into the Soviet Union.

The decision was a direct reaction to Tito's break with the Cominform in June, 1948.

• **Nationality, But No Teeth**—Up to that time, Stalin's policy had been to let the satellite nations keep their nationality—if in name only—while Russia milked them of manpower and materials. The satellites were to be permitted little if any heavy industry; for reasons of military strategy, Russia did not want large industrial investments concentrated on its—or its satellites'—western borders. Their role was to supply Russia with raw materials and agricultural products. Only limited light industry was permitted.

This was a harsh dictum to swallow for any nation with at least nominal sovereignty. Yugoslavia choked on it and broke with the Soviet bloc. The fear that other satellites might follow Tito away caused Stalin to change his tune.

• **Teeth, But No Nationality**—Beginning in last 1948, the Kremlin's new policy

was not only to permit but to encourage heavy industry in its satellites. This was intended to deter the kind of discontent that caused Tito to break away. But as a precaution, Stalin decided to incorporate his eastern satellites politically as well as economically into the U.S.S.R. He started with Poland.

Poland's Three Year Plan of 1946 provided for a steel production capacity that was far below the combined pre-war and wartime output of Polish and German Silesia. The Polish government was directed to concentrate on manufacture of textiles and chemical products only.

• **Ambitious Plan**—Last month Hilary Minc, Poland's vice-premier and chief economic planner, announced a new Six Year Plan. He boasted that the plan will put Polish industrialization at half the level reached by the United States—though his own target figures come to hardly a tenth of that. According to the plan, Poland's industrial production by 1955 will be 158% higher than in 1949.

The goals for specific commodities indicate that Poland's industrialization plan follows closely the pattern of development in the Soviet Union. About 76% of capital investment planned for 1950 to 1955 is to be devoted to heavy industry. The target for coal production in 1955 is 100-million tons. Steel output is planned at 44-million tons—more than three times as great as Poland's steel production in 1938.

Much of the capital equipment for

this development is coming from the U.S.S.R. Just this spring Russia sent in smelting equipment to build Poland's big Krakow works to a capacity of 1½-million tons of iron and 1-million tons of steel a year.

Also with the help of Soviet-supplied machinery, Vice-Premier Minc states, 35 modern metal mines are already under construction; extraction of copper ore is expected to reach 3.2-million tons by the end of 1955. Oil output is expected to reach 400,000 tons.

• **Death to Private Ownership**—The plan calls for a quick and ruthless end of private enterprise. By 1955 virtually all of Polish industry and trade is expected to be nationalized. There's not far to go: Right now only about 10% of industrial output comes from private producers. Wholesale trade is already about 100% nationalized, and only some 30% of Poland's retail outlets remain in private hands.

• **Reluctant Peasantry**—Collectivization of agriculture—resisted violently by the peasant class in all satellite nations—will be a more difficult job. From 1948 to 1949, the number of collectives in Poland rose from 40 to 800. About 70% of these, however, are situated in the newly settled western territories. In old Poland the full job is still ahead. The budget of Poland's Ministry of Agriculture, the main government instrument for forcing collectivization, was recently increased by 33%. An accelerated drive calls for 2,000 new collective farms by the end of this year.

Peasant resistance to collectivization is actually the only big roadblock in the way of Russian annexation of its satellites. In March, Stalin sent a personal order to all satellite governments to stop fooling around with the landowners and to push collectivization at top speed. The consequence in Poland as elsewhere is likely to be wholesale slaughter of livestock, sabotage of farm machinery, and burning of crops. Apparently Poland's Communists feel strong enough now to break peasant resistance in spite of the disastrous consequences to the economy.

• **Hammerlock**—Politically speaking, Russia already has a firm grip on Poland, firm enough to discourage most attempts at insurrection. Poland's army to all intents and purposes is Russia's army, just as India's army used to be Britain's. All posts of high command are occupied by Russian officers. The general staff and air force are exclusively Russian provinces.

This spring, Russian-type public administration replaced all provincial, county, municipal, and township governments. "Peoples councils," another term for Soviets, appeared and along with them all the apparatus for the standard 99%-in-favor elections.

In January, Marshal Rokossovsky,



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Russian commander-in-chief of Poland's army and member of Poland's Politburo, split the all-powerful Polish Ministry of Trade and Industry into several subministries, each headed by a Russian commissar. All planning for new industrial plants in Poland has been taken over by the Moscow Planning Institute. It should not be long before all Polish industry, new and old, is controlled from the Kremlin.

BUSINESS ABROAD BRIEFS

Strange bedfellows: The Russians have been trying to do business with Franco Spain for over a year. They want to buy Spanish quicksilver in exchange for oil products; to save face they have been trying to arrange the deal secretly through Arab go-betweens.

A "Schuman Plan" for tobacco is making the rounds in Europe. All tobacco monopolies—whether state-controlled as in France, or under private enterprise as in Britain—will get together to control production and improve quality.

Brazil's first TV is now operating on a regular schedule in Sao Paulo. RCA International helped put up the station (BW-Aug. 12'50,p108).

Indonesia has received credits for \$22-million from the Export-Import Bank. Most of the money will be used to buy trucks, buses, spare parts for the country's run-down transportation system.

Britain's export to the U.S. hit record high last month: \$31.7-million. Biggest sales were in nonferrous metals—mostly tin for the U.S. strategic stockpile.

Cheaper travel to Europe is due in September. Just about all transatlantic steamship lines have axed fares from \$4 to \$70 a berth. Major exceptions are Cunard's two Queens.

Argentina is still a bad business risk, according to the National Assn. of Credit Men. Despite the recent Export-Import Bank loan of \$125-million, the credit men put the country in the lowest credit classification, "poor."

The British have lost out again in Seattle (BW-Jun.10'50,p126). An English firm, Ferranti, Ltd., submitted the low bid for transformers for the city's power system, but wanted too long for delivery. Westinghouse got the order.

Swedish prefabs have started arriving in San Francisco. It's the first shipment in a program to send 200 homes to the U.S., to sell for around \$6,000.

Watch Prices Up?

U.S.-Swiss tariff deadlock may bring price boost on 75% of all jeweled movements sold in U.S.

The U.S. and Switzerland have locked horns over a trade treaty. The squabble could affect the pocketbooks of just about 75% of all Americans who have their eye on a new watch.

Last week, the State Dept. announced it was ready to cancel the 14-year-old U.S.-Swiss trade pact next February unless the Swiss accept an "escape clause." The clause would allow either country to up tariffs on the other's imports if a domestic industry was getting hurt.

• **Importers Irate**—Importers of Swiss watches and movements, who do a \$325-million business annually, are hopping mad. The only reason they can see for the U.S. move is the political pressure generated by the U.S. "watch lobby," which, they say, "has been harassing them for untold years." They point to the near record profits of the big domestic manufacturers of jeweled watches—Elgin and Hamilton—to bear out their claim that imports are necessary.

Just about 75% of the 8-million-plus jeweled watches sold in the U.S. have Swiss movements; only 20% of the imports are complete, strapped and cased watches. Importers figure that 85¢ of every dollar spent on a watch with a Swiss movement stays put in the U.S. • **Other Reasons**—But there are other reasons for the U.S. move:

(1) Switzerland has stubbornly refused to consider an escape clause during two years of behind-the-scenes dickering. The Administration has promised Congress that it would add escape provisions in any U.S. Trade treaties that don't already have them. The Swiss forbid the use of escape clauses.

(2) The Defense Dept. insists that a close eye be kept on the record imports of Swiss watches and movements, in order to maintain a healthy U.S. industry able to turn out precision instruments during wartime.

• **Tariff Boost**—If the Swiss agree to the escape clause, the watch industry will again have to petition for a tariff hike. So far, it's been unsuccessful. But if the Swiss let the treaty lapse, tariff rises of 30% or 40% would come automatically on all Swiss imports.

Should the treaty go by the boards, plenty of U.S. exporters would be hurt. The Swiss buy nearly \$200-million worth of autos, tires, wheat, lard, copper, and tools from the U.S. each year. That's twice what they sell in the U.S.

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Who Shall the Economic Controllers Be?

The Battle of Washington is in a new phase. One of the most hotly contested points at present: How shall controls over the nation's economy be administered—and by whom?

President Truman disposed of one aspect of this matter at a news conference not so long ago. He recalled to reporters that he had been reorganizing the government for several years to handle just such emergencies as Korea. He would, he said, assign administration of whatever control powers Congress granted him to the various old-line departments and agencies of the executive branch.

Bernard Baruch took a different line in his influential testimony before the House Banking & Currency Committee. America's "mobilizer emeritus" urged Congress to set up at once a new temporary war agency headed by a leading industrialist. It is part of his blueprint for total mobilization.

In this phase of the controversy the President is plainly right. Under our limited mobilization program, the administrative machinery should be kept as simple and "normal" as result-getting warrants. The present-scale rearment effort does not yet require Baruch's total mobilization, nor does it yet require his new agency. A sharply stepped up defense effort, of course, would require machinery reminiscent of World War II.

While the President's decision on this point is sound, his confidence that all will go smoothly is not easily shared. Government departments and agencies manifest certain occupational failings. Empire-building tendencies promote competition among them to secure authority over any new function.

A ready example is the pulling and hauling now going on between the National Resources Planning Board and the Commerce Dept. Each wants the power to determine civilian uses of remaining supplies of scarce materials.

To make his administration of controls by existing departments and agencies work, the President must see to it that three things are done.

(1) The executive orders issued under the authority of the Defense Production Act must clearly and precisely assign control powers to various agencies. No doubt should be left as to whether Symington or Sawyer or someone else is boss of civilian supply. If the NSRB assumes its proper function as a combination of the Planning Section and the Requirements Committee of the old WPB, Commerce may rightly be assigned the job of allocating remaining supplies of scarce materials among civilian users.

(2) With control powers parceled out in this fashion, it is imperative that the President appoint and install in the White House an over-all mobilizer to coordinate—for him and in his name—the various parts of the whole

effort. This person's job would be analogous to that filled by James F. Byrnes in World War II.

(3) Able and experienced men from industry must be recruited and brought into the control agencies to supply judgment and technical know-how. Admittedly, this will be more difficult than if a new agency completely staffed by outsiders were set up. This recruitment must be done as a joint responsibility of the President, his department and agency heads, and of industrial leaders.

With successful action in these three areas there is a real prospect that the administrative setup to administer initial limited controls can be simple, workable, and successful.

Plowshares and Swords

A little item in the news the other day summarizes a big lesson that the free world is now learning.

Sperry Gyroscope Co. of Great Neck, N. Y., requested the United Nations to return to it as soon as possible certain plant space which it rented to the international organization as part of its temporary home.

The structure in question was used less than 10 years ago by Sperry to make equipment for our forces in World War II. With the world again at peace the space was no longer needed. It was made available to the U.N. Now Sperry wants it back ahead of schedule to help step up its war production for U.S. forces fighting under the U.N. flag in Korea.

This little transaction is ironic, to say the least. But it is more: We are beginning to learn that at this stage of the world's history an agency like the U.N. must stand ready to back up peace with power.

If the U.N. is to be the bodyguard of civilization, it must be prepared to meet the threat of international marauders by turning a part of its house into an armory for the defense of freedom.

Inflation and the GPO

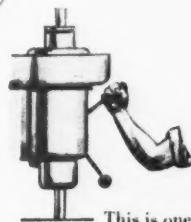
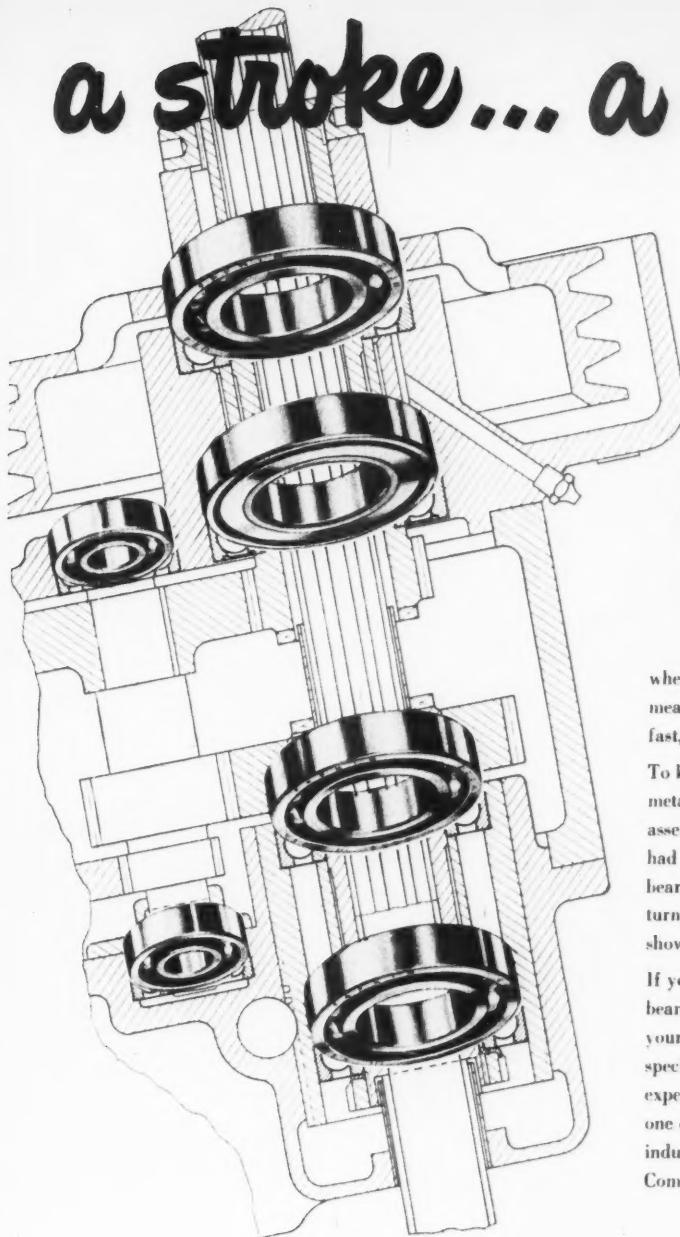
For many months the U.S. Government Printing Office has had on sale a small booklet entitled "Bid Procedure Memorandum" prepared by the Office of the General Counsel of the Navy's Bureau of Supplies & Accounts.

The document was marked and sold at 10¢ a copy.

Looking over a batch of publications on the display racks in GPO's sales room in Washington last week, a visitor noted that the GPO, undoubtedly taking advantage of the market possibilities of the booklet at this time, had crossed out the 10¢ price and rubber stamped the copies with a new price: 40¢.

Business, it appears, is business—in or out of Washington.

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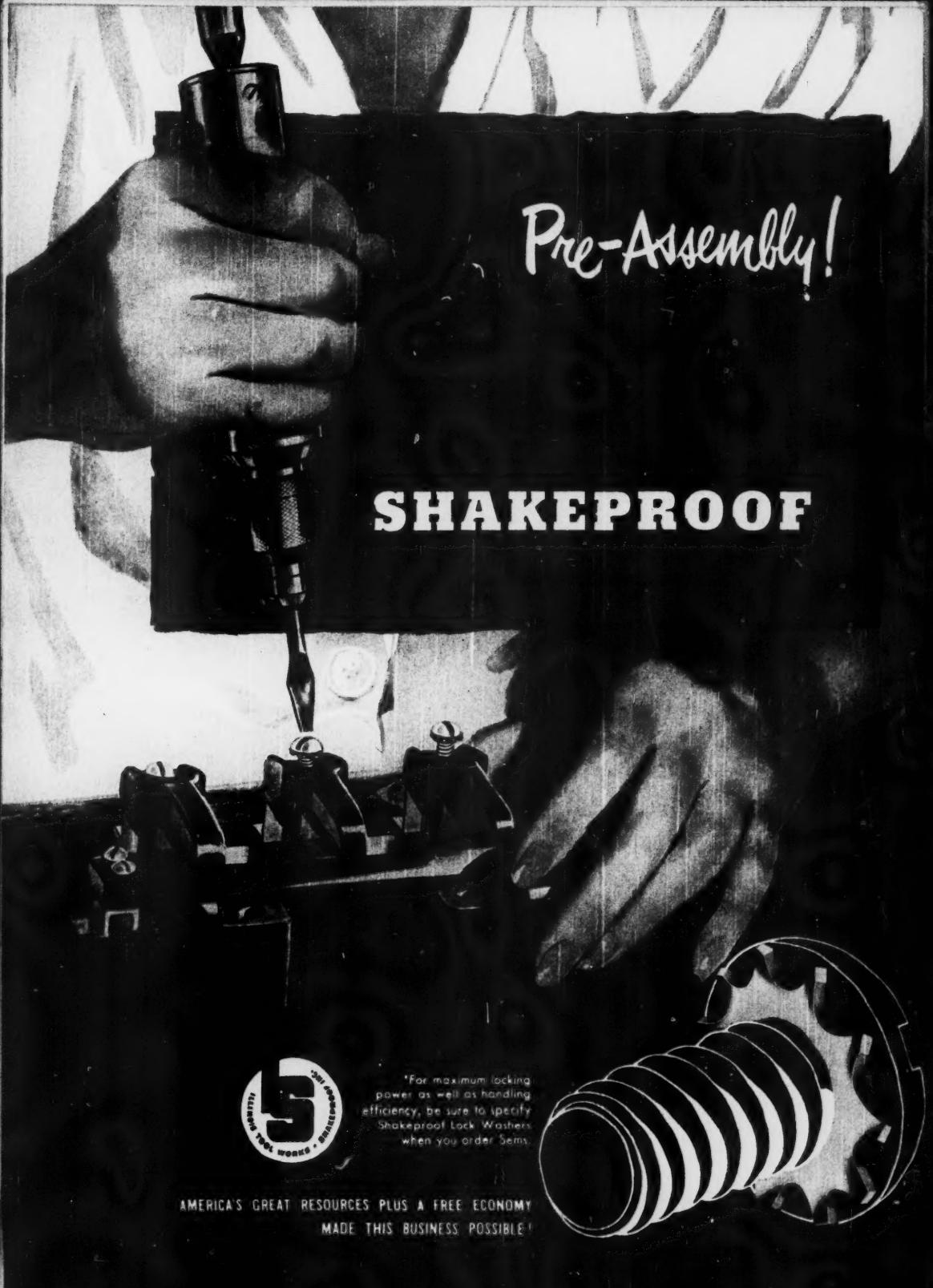
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